



# **NAVAL POSTGRADUATE SCHOOL**

**MONTEREY, CALIFORNIA**

## **THESIS**

**DOCTRINE AND ELEMENTS OF A SUCCESSFUL COIN  
MENTORSHIP PROTÉGÉ PROGRAM**

by

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March 2014

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**DOCTRINE AND ELEMENTS OF A SUCCESSFUL COIN MENTORSHIP  
PROTÉGÉ PROGRAM**

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## **ABSTRACT**

This thesis analyzes the design and effect of Mentor-Protégé Programs (MPPs) used in contingency contracting to achieve security and stability, the two objectives of counterinsurgency (COIN) strategy. It clarifies COIN operations and the attributes of contingency contracting for COIN effects. The Afghan Mentorship Program (AMP), an initiative that achieved some success, is analyzed as an expeditionary MPP to meet future counterinsurgency operations, disaster recovery, operational sustainment and security transition to local governments. Developed and operated at Bagram Regional contracting office in Afghanistan, from January–July of 2011, AMP is compared and contrasted against five U.S. government MPPs that are related to defense and foreign operations in current use.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

ABBA	Afghans Building a Better Afghanistan
ACC	Army Contracting Command
AFARS	Army Federal Acquisition Regulation Supplement
AFICA	Air Force Installation Contracting Agency
AJV	Afghan Joint Venture
AMC	Army Materiel Command
AMP	Afghan Mentorship Program
ANA	Afghan National Army
ANP	Afghan National Police
ANSF	Afghan National Security Forces
AO	area of operations
AOR	area of responsibility
BRCC	Bagram Regional Contracting Center
C2	command and control
CALL	Center for Army Lessons Learned
CCO	contingency contracting officer
CCR	Central Contractor Registration
CCSP	contingency contracting support plan
CENTCOM	Central Command
CERP	Commander's Emergency Response Program
CFR	Code of Federal Regulations
CJTF	Combined Joint Task Force
C-JTSCC	CENTCOM Joint Theater Support Contracting Command
C-JTSCC I/A	CENTCOM Joint Theater Support Contracting Command Iraq/Afghanistan
COCOM	combatant command
COIN	counterinsurgency
COM	chief of mission
COMISAF	Commander of International Security Assistance Force
CON	contracting
CONUS	continental United States

COR	contracting officer representative
COWCIA	Commission on Wartime Contracting in Iraq and Afghanistan
CP	Craftsman Program
CRS	Congressional Research Service
CSR	counterinsurgency, stabilization and reconstruction
DAIWA	Defense Acquisition Workforce Improvement Act
DAU	Defense Acquisition University
DCGS	Deputy Commanding General for Support
DFARS	Defense Federal Acquisition Regulation Supplement
DHS	Department of Homeland Security
DoD	Department of Defense
DOS	Department of State
ECBC	Edgewood Chemical Biological Center
ECC	Expeditionary Contracting Command
EPLS	Excluded Parties List System
FAR	Federal Acquisition Regulation
FM	field manual
FOB	forward operating base
FY	fiscal year
GAO	Government Accountability Office
GCC	Geographic Combatant Command
GS	General Schedule
HN	host nation
HNSF	host-nation security forces
HUBZone	historically underutilized business zone
IIP	Indian Incentive Program
IMCOM	Installation Management Command
IO	information operations
IRB	Institution Review Board
ISAF	International Security Assistance Force
JARB	Joint Acquisition Review Board
JCC-I	Joint Contracting Command–Iraq
JCC I/A	Joint Contracting Command Iraq/Afghanistan



JCCS	Joint Contingency Contracting System
JCIP	Joint Center in Parwan
JFC	joint force commander
JFUB	Joint Facilities Utilization Board
JV	joint venture
KO	contracting officer
KOICA	Korean International Cooperation Agency
KVTC	Korean Vocational Training Center
LOE	line of effort
LOGCAP	Logistics Civil Augmentation Program
MAAWS	Money as a Weapon System
MAAWS-A	Money as a Weapon System–Afghanistan
MICC	Mission and Installation Contracting Command
MILDEP	Military Department
MNF–I	Multi-National Force–Iraq
MPP	mentor-protégé program
MRC	Minority Resource Center
NAICS	North American Industry Classification System
NAMSA	NATO Maintenance Supply Agency
NATO	North Atlantic Treaty Organization
NGO	nongovernmental organization
NPS	Naval Postgraduate School
O	senior officer
OCONUS	outside the continental United States
OCS	Operational Contract Support
OE	operational environment
OEF	Operation Enduring Freedom
OHA	Office of Hearings and Appeals
OIF	Operation Iraqi Freedom
OPLAN	operational plan
ORCA	Online Representations and Certifications Application
OSBP	Office of Small Business Programs
OSDBU	Office of Small and Disadvantaged Business Utilization

PIRS	Past Performance Information Retrieval System
PM	program manager
PTAC	Procurement Technical Assistance Center
PVO	private voluntary organization
RCC	regional contracting center
RC-East	Regional Command East
RIP	relief in place
SAM	System for Award Management
SAT	simplified acquisition threshold
SB	small business
SBA	Small Business Act/Small Business Administration
SBIR	Small Business Innovation Research
SCO-A	Senior Contracting Official–Afghanistan
SDB	small disadvantaged business
SDVOB	service-disabled veteran-owned small businesses
SIGAR	Special Investigator General Afghanistan Reconstruction
SIGIR	Special Investigator General Iraq Reconstruction
SOTF	special operations task force
SPOT	Synchronized Predeployment and Operational Tracker
STTR	Small Business Technology Transfer Program
TCN	third-country national
TOA	transfer of authority
TTP	tactics, techniques and procedures
USACE	United States Army Corps of Engineers
USAF	United States Air Force
USAID	United States Agency for International Development
USF-I	United States Forces–IRAQ
USFOR-A	United States Forces–Afghanistan
USSF	United States Special Forces
VOSB	veteran-owned small businesses
WOSB	women-owned small business

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# **I. INTRODUCTION**

## **A. BACKGROUND**

In 2006, Lieutenant General (LTG) Karl W. Eikenberry was the commander of the Combined Forces Command–Afghanistan and at the helm of the U.S.-led effort to combat terror and thwart the insurgency in Afghanistan. As a supporter of the Army’s new *Counterinsurgency Manual*, JP 3–24, formed as joint doctrine with the Marine Corps, Eikenberry championed the policies captured by General David Petraeus (Joint Chiefs of Staff, 2013). The counterinsurgency doctrine was meant to quell the terrorist stranglehold on Afghanistan and allow prosecution of malfeasant characters. Today, Lieutenant General (retired) Eikenberry states that the doctrine failed.

Charging that the design and application of COIN in Afghanistan was a failure, Lieutenant General (retired) Eikenberry has a legitimate claim. His conclusion comes from personal experience gained as a facilitator of COIN doctrine. Having worked with the commanders of the ground forces during the U.S. troop surge in Afghanistan, Eikenberry stated that it was too little too late (Weaser, 2012). In Eikenberry’s June 2012 interview with *Stanford Daily* reporter Natasha Weaser, he expressed that an unemotional study of the civil-military application of U.S. COIN doctrine in Iraq and Afghanistan is necessary to tailor the future application of counterinsurgent policy for problems of instability in countries and situations that matter (Weaser, 2012).

This thesis does not challenge his perspective, but proposes that the design and implementation of COIN and contracting for effects were a failure. Upon further examination, this paper identifies Mentor-Protégé Programs, based on the U.S. Small Business Act (SBA) models, as a tool that may have increased the potential of COIN to alleviate elements of instability and threats to security that were brought about by the military, political and economic COIN operations. The COIN strategy in Afghanistan was not a failure, just poorly designed and executed. This challenge to LTG Eikenberry’s opinion is one that requires refined discourse.

According to a 2013 with a former Joint Contracting Command–Iraq/Afghanistan (JCC-I/A) commander, LTG Eikenberry was fully vested in a plan to integrate contracting activities into the COIN strategy. As the senior combined forces commander, he was banking on the assured success of the newly formed counterinsurgency doctrine laid out in JP 3–24. He stated

[Eikenberry] was already thinking that in order to stabilize the situation, he had to be able to demonstrate that progress was not only military and diplomatic, but it was also economic, you know, that the lives of ordinary Afghans needed to be better for the coalition forces being there. (Personal communication with former JCC IA Commander, October 2013)

In personal communications with the former commander of the JCC-I/A, a senior contracting professional said

I knew that the campaign planners had no real concept of how contracting could contribute to a COIN fight in Iraq. The multinational forces headquarters, they had inherited a lot of [contracting] missions, but they didn't necessarily see them yet as an integrated part of the COIN strategy.

As Eikenberry charged the senior contracting commander with establishing an Afghan First program, similar to those under Small Business Act used in the U.S., it became apparent that the integration of contingency contracting was of the utmost importance for his COIN strategy. He was in his sixth week on the job when LTG Eikenberry asked him, “Well, why can't I have an Afghan First program that is kind of a set aside similar to small business set aside program?” This statement shows his clear understanding of how U.S. funds could help him shape his operational objective.

Eikenberry served at the highest levels of government, both as a senior military leader and diplomatic statesmen. His time as a senior leader in both areas of government service was fully immersed in the “War on Terrorism.” LTG Eikenberry gambled that the COIN strategy would work. However, in hindsight, Eikenberry's recollection would be a bit more critical of COIN. In a *Foreign Affairs* journal interview with former Ambassador Karl W. Eikenberry in September/October 2013 issue, Eikenberry charges that U.S. counterinsurgency doctrine in Afghanistan was a failure. In the article titled “The Limits

of Counterinsurgency Doctrine in Afghanistan: The Other Side of the COIN,” Eikenberry states that the COIN strategy rested on but missed the mark of three crucial assumptions:

- The COIN goal of protecting the population was clear and attainable and would prove decisive.
- The higher level of foreign assistance and support would substantially increase the Afghan government’s capacity and legitimacy.
- A COIN approach by the United States would be consistent with the political-military approach preferred by Afghan President Hamid Karzai.

Addressing U.S. COIN strategy and its inability to deliver the political, economic and social objective, Ambassador to Afghanistan Eikenberry worked hand-in-hand with his U.S. military counterparts to include General Patraeus and subordinates to fully integrate the counterinsurgency strategy and address not only the military security of Afghanistan, but also the political and economic aspects of instability in nation building. In order to protect the population, “we would have had to create an accountable government with focus on nation building strategies” (Weaser, 2012). His perspective of COIN would change as his role shifted from warrior to diplomat. In retrospect, Eikenberry qualifies after seven years to provide an epilogue on U.S. investments in COIN strategy. Opposed to these three assumptions are basic challenges that threatened political, economic and military stability and security of Afghanistan.

There is a belief that to maximize economic assistance provided to the Afghan government, the political goals of participants should have been polarized from the inception of the operation, echoing the common theme of countless reports from the Special Investigator General Iraq and Afghanistan Reconstruction (SIGIR & SIGAR). Marauding Taliban, narcotraffickers, corrupt government officials and local police have greatly influenced an unstable mixture of complex tribal ethnic violence in Afghanistan. Ambassador Eikenberry saw the delivery of key essential public services, as a nationalistic objective, which should have permeated the civil-military agenda, rigidly tied to the success of Afghan elected officials. Civil authorities should have been fiscally bound and politically ridiculed for failing to achieve improvements in security, governance, rule of law, and educational and economic standards. But both at the national and regional levels, we failed.

## **B. HISTORY**

Small business is the backbone of our economy, and the United States government has made great efforts to expand financial and economic opportunities for small and disadvantaged businesses. Simultaneously, efforts by the Department of Defense to meet security and stability policy objectives date back to the installment of the Marshall Plan in Europe. Domestically and internationally, the socioeconomic development programs for small and local business economies have been disconnected. The U.S. military and other agencies have tried to use acquisitions, through contracting programs, to synchronize six crucial areas: personnel, doctrine, training, policy, practice and legal authorities. Through an enhanced understanding of contracting, coordination and the utilization of these inherently related areas, experienced acquisition professionals are capable of marring current political and economic policy objectives together in order to placate the otherwise compounding effects of recent international conflicts. Currently, Congress and military leadership mandate that the armed services must be proficient and effective at small and local business contracting for the purpose of counterinsurgency, stabilization and reconstruction (CSR) in disaster and contingency operations. Without equal and adequate emphasis placed on developing proficient personnel, suitable doctrine, sufficient training and clear policy that is practiced under legal authority, the acquisition professional cannot be expected to accomplish the task of building economic security and stability into the foundation of a new nation (Kidalov, 2013).

## **C. PURPOSE**

The purpose of this thesis is to analyze the design and effect of the Afghan Mentorship Program. Through a three-pronged process involving a literature review of COIN and contracting objectives, interviews conducted with senior contracting officials and a comparative analysis of five governmental agencies using SBA-like Mentor-Protégé Programs, it will show the effectiveness of AMP and the impact on security and stability in the Bagram area of operations (AO). As an expeditionary Mentor-Protégé Program, AMP has the ability to be exported to other contingency contracting environments and achieve favorable counterinsurgency effects for the warfighter.



In 2009, the Commander of International Security Assistance Force (COMISAF) and U.S. forces focused the COIN contracting strategy on two objectives, defining COIN operations and the attributes of contingency contracting for COIN effects. Since the COMISAF COIN Contracting Guidance was a new concept, the U.S. Central Command (CENTCOM) Contracting Commander quarried acquisition professionals within the organization to address methods for achieving contracting for effects. The intent was to develop a policy of decentralized execution for the improvement of organizational knowledge and experience necessary to achieve this new requirement. The Afghan Mentorship Program (AMP) was one such method. As an expeditionary Mentor-Protégé Program, it has been identified as a way for contingency contracting professional to implement contracting into COIN operational objectives. It has certain future applications in disaster relief operations, such as Katrina, in the continental United States (CONUS) or earthquake recovery in Haiti, outside the continental United States (OCONUS).

Developed at the Bagram Regional Contracting Center (BRCC) in Afghanistan, AMP was a program of five initiatives that operated from January to July of 2011. It was focused on promotion and integration of Afghan products, vendor partnering and mentorship of local and small businesses. The establishment of vendor tournaments expanded competition within the vendor pool, reduced barriers for new vendors to enter the market and spurred new Afghan business growth. The AMP program at BRCC introduced contingency contracting as one possible avenue to support COIN operational objectives. Successfully executed COIN objectives integrated multiple civil-military elements and a number of tasks that were required to establish security and stability within a country (JCS, 2013). COIN contracting would not be possible without establishing its own best practices through application of policy and doctrine. This would require intelligent interpretation of the COMISAF COIN guidance and skillful execution of ad hoc programs to accomplish its intent. The Afghan Mentor-Protégé Program utilized existing resources and human capital to achieve this goal. In its short run, it was able to achieve same favorable procurement practices that could be implemented for future COIN contracting objectives.

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## **II. METHODOLOGY**

### **A. INTRODUCTION**

The methodology that has been used for this thesis utilizes a three-pronged approach to formulate my findings and determination. The first approach used a literature review of COIN in order to design and effect contingency contracting best practices. Next, interviews were conducted with several senior contracting officials that served in positions of high command in both the Iraq and Afghanistan theaters of operations within the CENTCOM areas of responsibility (AOR). The intent of the interviews was to capture and compare organizational knowledge and policy guidance at different times within the contingency contracting organization. This second-prong approach provided the broadest cross section of professional contracting knowledge and tools available to the contingency contracting community. Finally, a comparative analysis of Mentor-Protégé Programs operated by differing government agencies showed alternative methods for managing both small and large businesses during contingency operations.

The first prong of this methodology distills COIN, clear-hold-build operations, contingency contracting guidance and their relationships. Next, a review of the COMISAF COIN Contracting Guidance and the effects that General Petraeus hoped to achieve help provide clarity of the numerous momentous tasks, a total of eleven, he charged all stakeholder involved in the acquisition process to follow. Finally, the last areas of exploration were the problems related to contracting, as defined by several published sources. This concludes the literature review.

The second prong of this methodology to be examined was the organizational knowledge and lessons learned from the interviews with seven senior contracting officials. Having served within the CENTCOM area of responsibility, each interviewee brought a wealth of organizational knowledge and contracting experience, which has helped to shape contingency contracting policy and guidance in both Iraq and Afghanistan. Each senior leader brought their own unique mission and set of circumstances to the subject directed interviews. Regardless of position in which they

served, either in JCC-I/A, CENTCOM Contracting Command or CENTCOM Joint Theater Support Contracting Command Iraq/Afghanistan (C-JTSCC I/A), all individuals that agreed to participate in the subject directed interviews focused their responses on the organizational knowledge, policy and guidance of their respective command.

The third prong of this methodology was a comparative analysis of existing Mentor-Protégé Programs of five governmental organizations. The Small Business Administration, Department of Defense (DoD), Department of State (DOS), United States Agency for International Development (USAID) and Department of Homeland Security (DHS) have utilized MPPs to bolster small business development, build economic stability within the U.S. economy and foster small business security CONUS. When compared, achievements and drawbacks of the five agency MPPs become apparent.

Each of the three-pronged approaches identified in the methodology develops context and enumerates the challenges of the COIN contracting mission. AMP is a viable tool to assist the acquisition professional with some of the challenges they may face. Developing actionable policy guidance at the leadership levels is crucial to facilitate COIN contracting as an operation mission.

## **B. LITERATURE REVIEW**

### **1. Process of Literature Review**

While conducting a literature review of counterinsurgency contracting, it is important to understand that research on the subject is limited and will require greater attention with academic scrutiny of COIN. A broader approach to COIN and access to this premise is the proposition of clear-hold-build. Writings on the subject expound on the nature of low-level operations to achieve COIN objectives and the operational and tactical effectiveness of contingency contracting support. Also known as an ink spot or oil spill tactic, this is just one classic approach to a COIN strategy. A review of the COIN doctrine and the areas in which COIN strategy is used was necessary to determine what could be considered effective COIN contracting tactics, techniques, and procedures.

Understanding the areas where contingency contracting can be implemented in COIN is just as important as assessing how to improve the support of operational objectives.

The first step of understanding COIN is to comprehend the guidance, policies and best practices to achieve the desired effect. Behind the overarching concept of clear-hold-build is the proactive effort of clearing a contested area through security operations to provide stability. Next, by holding that territory, through execution of offensive operations in the defense, it is essential to isolate the population from insurgent sway. The process of build is the final phase, which involves political, economic, developmental and governance-related activities to increase government legitimacy and deny insurgent access to the local population. Without access to the people, the insurgency loses their link to the people and relevance. With no support in the kinetic battle space, insurgents can be defeated. If successful, clear-hold-build allows the government to increase the territory under its control. According to the most common simile, government control spreads like oil or ink-spots across absorbent paper. The insurgents, meanwhile, lose both physical space and their link to the population, without which they are gradually rendered irrelevant or are simply defeated.

During the initial phase of the 2009–2010 surge, efforts were made to implement this clear-hold-build tactic. In southeastern Afghanistan, insurgents in key populated areas were encouraging to leave by publically announcing prospected offensive operations. Next, the U.S. and the Afghan National Security Forces (ANSF) conducted continuous operations in those populated and outlying areas in order to deny insurgents access to them and prevent their return. Finally, the U.S. and ANSF have taken steps to train and increase Afghan security forces, maintain law and order, and allow Afghans to build normal lives (Lubold, 2010). For the most part, it worked and the offensive was anticlimactic. Insurgents either left or went into hiding as the U.S. and coalition forces arrived. This helps to point toward the coalition's shift from an emphasis on killing insurgents to protecting the population.

Next, by observing COIN contracting guidance from its infancy and following it through mature application on the battlefield, it is possible to gain a clear concept of the commander's desired effects by exercising contracting in COIN operations. Lastly, to

mitigate risk and improve the integration of COIN contracting into the task force commander's operational vocabulary, its problems must be exposed. As COIN contracting is a novel concept, this thesis will be adding to future literary research on the subject.

## **2. COIN**

By November 2013, the concept of COIN had evolved and matured. Boldly entitled, *Counterinsurgency, JP 3-24* was a representation of what the Army and Marine Corps had learned about COIN over four years. Clear-hold-build had evolved from a tactic to implement COIN to one of several approaches to introduce a planned COIN strategy. Another thing that had changed was responsibility for development and execution. The DOS chief of mission (COM) has now been designated as the lead for COIN efforts. Counterinsurgency has become primarily a political struggle incorporating a wide range of activities by both the host nation (HN) and the U.S. governments. Establishment of security just happens to be one of the more important activities. Coordination with the HN government is essential to the success of the COM and when operational environments do not favor civilian agency lead, the joint forces commander must be conscious of his ability and prepared to lead the unified effort for effective COIN.

## **3. Clear-Hold-Build**

The concept of clear, hold, build is a counterinsurgency approach that was modeled on the Department of the Army 2009 concept for full spectrum operations, as seen in Figure 1.

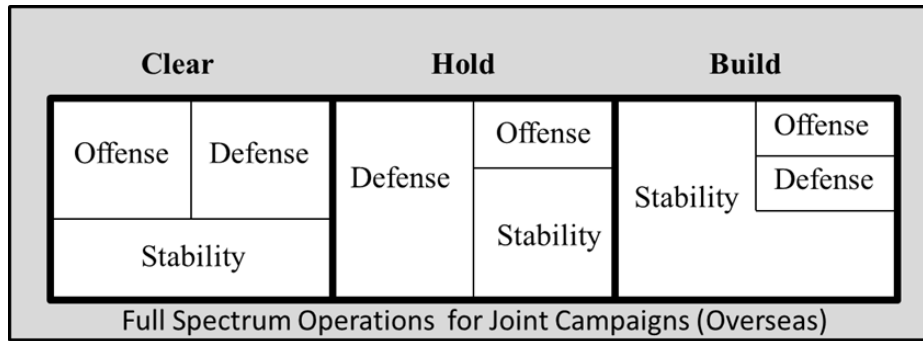


Figure 1. Full Spectrum Operations (after Department of the Army, 2009).

Within COIN operations, clear-hold-build is one tactic to achieve the end state of counterinsurgency operations, an end state which is that a legitimate HN government can deliver effective governance to its populace, whereby eliminating the root causes of insurgent activity and precluding or eradicating the insurgency, as a whole.

A clear-hold-build operation is a full spectrum operation that combines offense (finding and eliminating the insurgent), defense (protecting the local populace) and stability (rebuilding the infrastructure, increasing the legitimacy of the local government and bringing the rule of law to the area) operations. Each phase—clear, hold, and build—combines offensive, defensive, and stability operations in varying degrees. In the clear phase, offensive operations usually dominate; in the hold phase, defensive operations are emphasized; and in the hold phase stability operations are preeminent. (DOA, 2009, p. 17)

**a. Clear**

A tactical mission task, clear is offensive in nature and describes the process and action required by a commander to remove all enemy forces from an assigned AOR. This can be accomplished by eliminating organized pockets of resistance with force, (killing or capturing insurgent combatants) or by forcing opposition forces and leaders to withdraw (Department of the Army, 2001). Clear is effective when initiated by conducting the tactical tasks patrol, ambush and targeted raids. It can culminate into operational tasks, such as cordon-and-search or clear-in-zone missions. Followed by defensive and stability operations, the gains that were made through clear operations must be maintained so that conditions are set for future activities. The process of conducting periodic patrols to deny, identify, disrupt, eliminate or expel insurgents is

vital to establishing areas of isolation that secure and protect the population, while cutting off external support for escaped insurgents. Security and government forces representing the HN authority are employed to kill or capture escaping insurgents and establish legitimate rule of law in the eyes of the population.

***b. Hold***

Hold is a defensive task in nature and the most challenging to achieve. It requires all lines of effort (LOE) across the operations working in unison to recruit, organize, arm and train local security and paramilitary forces before integrating them into operations against the insurgents. After the zone is clear of insurgents, COIN forces establish a presence in the area of operations by assigning troops to hamper their ability to return. Counterinsurgent forces must be adequate in size to secure the local population, defeat guerilla forces and not place undue strain on the populace. Ideally, host-nation security forces (HNSF) execute operations in support of or as part of the clear-hold-build strategy. For the task of hold, security of the population and continuously reestablishing the legitimacy of the HN government signifies success. Anything less could be considered a defeat. This phase is dependent on defensive operations, although offensive and stability objectives are a significant part of the operations. During the hold phase, lines of effort include establishment of civil control, support for HNSF, governance support, restoration of essential services, economic and infrastructure development, and information engagement.

***c. Build***

In the build phase of clear-hold-build operations, programs are designed to remove insurgent root causes. The two main objectives are to improve the lives of the people and strengthen the governance of the host nation. Stability operations dominate this phase, with many vital activities organized and conducted by nonmilitary authorities. Building support for the HN government is in progress and requires protecting the local population. Host nation security forces and other governmental agencies assume the primary responsibility of security during this phase. As insurgent intimidation, coercion



and reprisals risk undermining support for counterinsurgent efforts; it is crucial that the populace believe they are secure.

The concept of clear-hold-build as a tenet of COIN took hold in *Field Manual (FM) 3–24.2, Tactics in Counterinsurgency*. Entitled *Foundations of Counterinsurgency*, Chapter 3, Section IV, identifies clear-hold-build operations as a foundational prime to counterinsurgency fundamentals. The 3–24 culminates on clear-hold-build in Chapter 5, Section I, *Offensive Considerations in Counterinsurgency*, where clear-hold-build operations encompass offensive applications. By Chapter 7, *Stability Operations Considerations in Counterinsurgency*, clear-hold-build operations have morphed into actions that support the civil-military objectives of security, control and stability for the establishment of legitimate governance. Even as the framework of clear-hold-build has varying methods of implementation, it also has varying periods of application. To understand these periods, an analysis of each phase within COIN must be made (DOA, 2009).

#### **4. Phase Zero Contracting Operations**

##### **a. Phases of Notional Operational Planning**

Exercising the Yoder, Nix and Long model of Strategic and Integrative Planning for Contingency and Expeditionary Operations, as seen in Figure 2, this section will discuss the phases of COIN and identify the importance of contingency contracting. Contracting in an expeditionary environment has been a support function, which military operations have depended on since the civil war. With each successive conflict, the importance of contracting has increased proportionately. Treated as an auxiliary support capability, contracting has served as an afterthought, never fully developed as a part of the strategic and operational planning process. Often, units have been in the process of executing vital missions when tactical requirements surface. For protracted engagements, such as the wars in Iraq and Afghanistan, self-sustainment considerations were secondary as operational requirements for basic services were overlooked. A rush to have contracting fill the operational support void creates underlining issues like fraud, waste and abuse.

The Commission on Wartime Contracting in Iraq and Afghanistan (COWCIA), the SIGIR and SIGAR, Government Accountability Office (GAO) and Congressional Research Service (CRS) have published reports on fraud, waste and abuse, identifying the end result of poor oversight. Many elementary services that were once part of organized capabilities are ineffective as a result of inadequately managed government contracts. An absence of sound planning and effective contract integration has resulted in numerous failures investigated by the government. Participants executing sound contract integration and planning must take efforts to assimilate contracting at all levels. Yoder, Long and Nix provide a core capability review to assist with this requirement.

Phase Zero, generally known in Geographic Combatant Command (GCC) planning arenas as the shaping phase, is adopted by the Operational Contract Support (OCS) community as the planning and exercising phase. Traditional military jargon defines Phase Zero as shaping. Phase Zero contracting in the integrative strategic planning arena is the advance planning, exercising and rehearsal of robust contracting support plans designed to complement the GCC's deliberate contingency planning process. Realistically, the contracting community and the warfighter have the same vision for Phase Zero—get the plans in place, rehearse, validate and update them to reflect current realities (Yoder, Long, & Nix 2013).

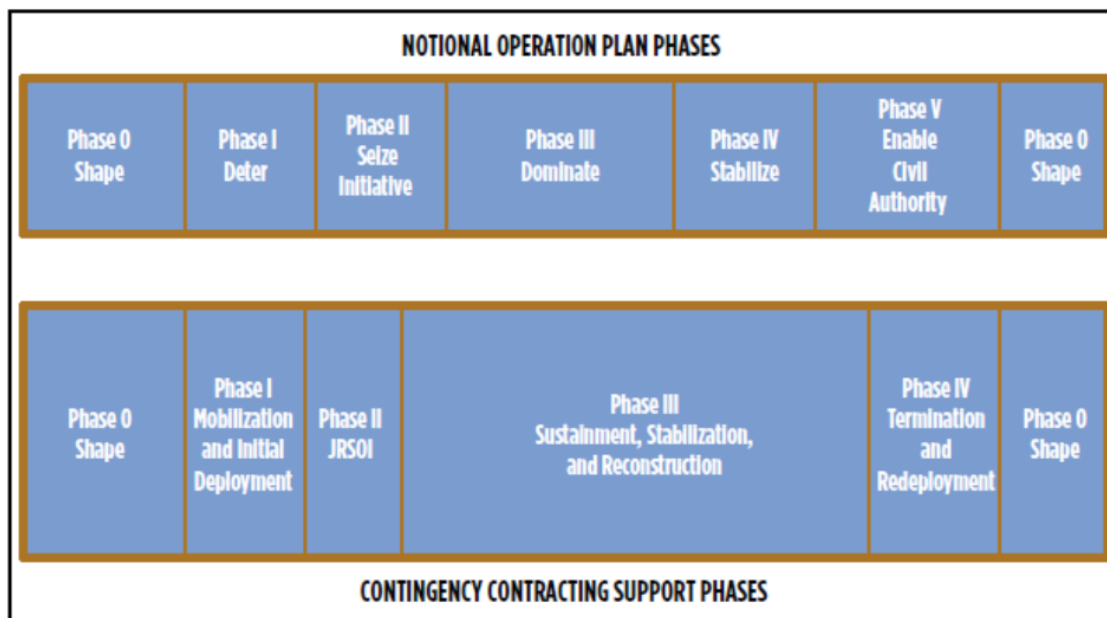
Phase I (Deter) includes activities that demonstrate “joint force capabilities and resolve” in response to an adversary's undesirable actions. Actions include preparation for deployment, deployment and shows of force designed to influence an adversary's decision-making process (Yoder et al., 2013).

Phase II (Seize Initiative) begins the “application of appropriate joint force capabilities” to “delay, impede or halt an adversary's initial aggression.” This phase sets the conditions for the successful implementation of Phase III (Dominate) (Yoder et al., 2013).

Phase III includes actions designed to “break the enemy's will... or, in noncombat operations, to control the operational environment” (Yoder et al., 2013).

Phase IV (Stabilize) is “required when there is no fully functional legitimate civil governing authority” and joint forces must perform limited local governance and other activities to allow for a restoration of stability and a return to normalcy. This phase may require joint force cooperation and coordination with intergovernmental organizations, nongovernmental organizations or other civilian agencies (Yoder et al., 2013).

Phase V (Enable Civil Authority) includes the provision of “joint force support to legitimate civil governance” in theater as well as assistance with the provision of essential services to local populations. It usually includes redeployment operations, especially of combat forces, as well as the planning for transition back to Phase Zero or steady-state operations (Yoder et al., 2013).



*Note.* JRSOI = Joint Reception, Staging, and Onward Integration

Figure 2. Illustration of Notional Operation Plan Phases  
(after Joint Chiefs of Staff, 2011)

Reaching the end state for COIN requires the conduct of a wide array of operations over a protracted period. Consequently, the planning of COIN operations normally provides for related phases implemented over the same time. Phases are not linear and do not represent a clear-cut distinction in reality. Phasing is intended to help

commanders visualize and think through their COIN operations. In order to accomplish this, they must define requirements in terms of forces, resources, time, space and purpose. The primary benefit of phasing is it assists in systematically achieving objectives that cannot be attained all at once by arranging smaller, related operations in a logical sequence. Phases should represent natural subdivisions of the campaign or intermediate operational objectives. To distinguish shifts in focus, transitions between phases are designed to be triggered by the counterinsurgent force, often accompanying changes in command relationships.

***b. Strategic and Integrative Planning for Contingency and Expeditionary Operations***

Expeditionary contracting is not new, but the extent to which military operations depend on contracting has increased in scope and magnitude. Contracting has not been fully integrated into the Department of Defense planning and execution process. The military depends on contracting for many of the elementary services that were once considered self-sustaining. It is the absence of effective contract planning and integration of sound accountability practices that is displayed in numerous external reports extolling the inefficiencies and ineffectiveness of government contracting. Quarterly and annual reports by SIGIR and SIGAR, GAO, CRS and COWCIA have identified fraud, waste and abuse as a result of shortcomings in oversight. However, Yoder, Long and Nix use Figure 3 (Yoder, 2013) to identify some strides that have been made to assimilate contracting at the strategic level.

Still, according to the final report from the Commission on Wartime Contracting in Iraq and Afghanistan (2011), the DoD lacks a program for developing a core “comprehensive planning and execution capability” (Yoder et al., 2013). As the focus of the 2011 COWCIA report, outright fraud of the executing participants was the result of a lack of planning and sound contract integration. This loss of efficiency and lack of effectiveness will have to be addressed at all levels if there is going to be an improvement.

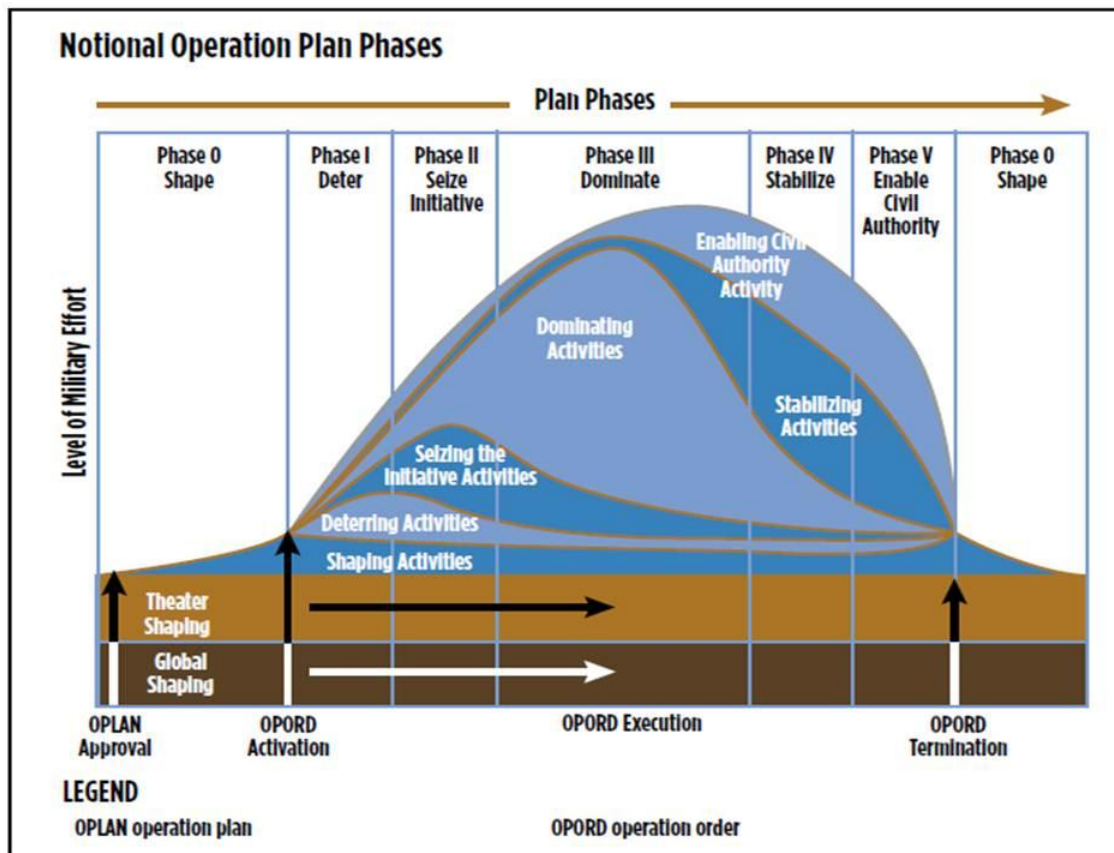


Figure 3. Warfighter Notional Operational Plan Phases (from Yoder et al., 2013)

## 5. COMISAF COIN Contracting Guidance

In September 2010, Commander, International Security Assistance Force and United States Forces-Afghanistan, General David H. Petraeus, issued his COMISAF COIN Contracting Guidance for commanders. In it, Petraeus identifies the purchases made for construction, goods and services as a dual function road. First, contingency contracting is a road to Afghan prosperity, bolstering economic growth, stability, and goodwill toward the Afghan government and International Security Assistance Force (ISAF). The contracts that are awarded to Afghan firms generate Afghan employment, and assist in the development of a sustainable Afghan economy for goods and services. Second, they are part of a road that leads us home, as success and prosperity for the Afghan people bridge the completion of our mission. However, contracting with powerbrokers who exclude individuals “outside their narrow patronage networks or are

perceived as funneling resources to one community at the expense of another” has a negative effect on the Afghan perception and hinders our efforts and our mission (Petraeus, 2010).

As North Atlantic Treaty Organization (NATO) heads of state and governments gathered at the Lisbon Summit in November 2010 agreed to rationalize the functions and programs within the NATO agencies and consolidate them, Gen. Petraeus charged his subordinate unit commanders to make contracting “commander’s business.” In response to troop swells and increased unit rotational needs, CENTCOM contracting centers throughout Afghanistan were inundated with new and previously invalidated contracting requirements. It seemed that the counterinsurgency contracting guidance fell on deaf ears as regional contracting centers (RCCs) shifted into overdrive, writing and awarding contracts.

The COMISAF’s COIN guidance placed the responsibility of achieving eleven tasks on the shoulders of the task force and unit commanders. With the assistance of contingency contracting professionals, regional commands were to implement COIN contracting to shape combat operations. Activities were now directed to make contracting commander’s business, because our lives depend on it. Those tasks were spelled out in this order (Petraeus, 2010):

- Understand the role of contracting in counterinsurgency.
- Hire Afghans first, buy Afghan products and build Afghan capacity (Potentially influenced by 886).
- Know whom you are buying from.
- Exercise responsible contracting practices.
- Integrate contracting into intelligence, plans and operations.
- Consult and involve local leaders.
- Develop new partnerships.
- Look beyond cost, schedule and performance.
- Invest in oversight and enforce contract requirements.
- Act—Make this a priority now.
- Get the word out—Tell your success stories to all that will listen.

## **6. COIN Guidance Effects**

Counterinsurgency operations and contingency contracting intersect at the unbalanced, intersection of our wants versus our needs. From the prospective of the contracting officer, the tactical unit commander on the ground is placed in situations of intensity where a sense of urgency transforms every want into an absolute need. For the operational command, focused on the strategic objective of the theater commander or COCOM, the sky is the limit in terms of what it is willing to approve as a need for the warfighter on the ground. To truly understand the impact of the COMISAF guidance placed on commanders and CCOs, it is necessary to contextualize contingency contracting as counterinsurgency operations will drive needs requirements.

Many OCONUS contingency operations occur in countries with underdeveloped economies, little to no vendor base and are filled with individuals who may not be conducive to a U.S. or multinational presence. This is to be expected and planned for in order to mitigate the risk of conducting business with nefarious individuals. Often, the CCO is presented with the challenge of finding or developing a vendor base to support the operational needs of U.S. forces. Without a clear pool of small businesses to contract and conduct business with, the CCO is forced to look outside of the local economy in order to build support and capacity. Developing a reliable vendor base in the regional location of needed support becomes an objective itself. If local businesses do exist in a region of operation, most are often ill-equipped to meet the demands of operational units.

As each unit deploys with some form of organic support capability, not all units are created equal. Based upon each unit's mission, equipment, personnel or troops count, operational terrain/environment and time expected to accomplish that mission, the standard operational support requirement will vary from unit to unit.

In a hostile, sometimes dangerous, and mostly austere environment, any additional threat or escalation of force protection within that environment could upset a tenuous balance and increase the likelihood of failure for contracted support. It suffices to say that the contracting of logistical supply and service support can be extremely crucial to a unit's operational success. The cost of that contracted support can exuberant in

proportion to the austerity and hostility with in the region of operation. Any increase in the number of personnel or units must be factored into the support cost equation. Commanders must be aware that as they attempt to execute the Commander's Emergency Response Program (CERP) or other projects within the COIN contracting guidance, utilizing the Money as a Weapon System (MAAWS) handbook in Afghanistan, an unknown number of resourced requiring activities competing for the finite resources will simultaneously drive up the value and subsequent cost of those resources.

Afghanistan has presented many of the same challenges as other areas in which we conduct contingency and emergency operations, in terms of crime and corruption. In an atmosphere fraught with power players, one can almost expect to be confronted with individuals requiring patronage in the form of bribes and kickbacks. Extortion and criminal intimidation are also forms of corruption encountered on a regular occurrence. In a January 6, 2011, *Washington Post* article, entitled "Corrupt leaders trump Taliban," Pamela Constable chronicles the rise and repatriation of Ghulam Haider Hamidi. A Northern Virginia accountant, born in Afghanistan, left more than 30 years ago after the communist revolution and Soviet invasion.

After raising a family, seven children and 14 grandchildren, and at the nudging of his oldest daughter, he returned to Afghanistan to become mayor of his native city in southern Afghanistan. Hamidi, "a personable and loquacious man of 63," has been criticized as a facilitator of corruption by former Kandahar businessman, Naseem Sharifi, now living in California. Hamidi is "a man of several faces," states Sharifi (Constable, 2011). He maintains that the mayor is against those warlords who jeopardize the profits of the bigger warlords. While Hamidi fails to rebuke his detractors, he does, however, counter with the statement that "the Taliban put their bombs, but more than 50 percent of the violence comes from these corrupt people, the ones who sit with you and smile." He is convinced that he is doing a good job as mayor, stating, "I may have made 50 or 100 enemies, but I am making 800,000 people happy." As has been conspicuously mentioned in passing, Hamidi is a childhood friend of the Karzai family. Although he governs in the region, he does not dare to openly walk the streets. The influence of Taliban and its



leadership may be more violent and vocal. Tribal council elders, members of national and local politico and foreign business interests are no less cutthroat.

## **7. Problems from COIN**

The problem that has arisen from the COIN contracting guidance is that commanders fail to differentiate between operation conflict and operational crisis. By default, all requirements became necessary to counter the ensuing operational crisis. Prior to the COMISAF COIN Contracting Guidance, commanders were forced to rely on the experience and guidance of contracting activities. Regardless of footprint size, the executors stayed within the scale, scope and magnitude of their operational proficiencies. The COMISAF COIN Contracting Guidance, in essence, tasked commanders to create an internal mechanism for channeling their contracting requirements.

Combatant commanders took it as a blank check to develop their own contracting organizations. The identification of stakeholders, validation of procurement requirements and assessment of contracting methodologies were all areas strongly encouraged by the regional and theater contracting authorities. However, the “knee-jerk reaction” resulted in coercive influence over contracting authorities throughout Afghanistan. This influence was extremely disruptive and often resulted in the execution of unnecessary steps during the contracting process. Outside of their lanes, commanders inadvertently created competition among their subordinate units for resources. Battalion and company commanders worked to find alternative resources, creating a black market of suppliers, increasing numbers of unauthorized commitments and lengthening contracting award times, as contingency contracting officers worked overtime to undo the mess made as a response to the guidance. The buzzword was Afghan first, and the practice of infusing the local economies was implemented at every level. There was a blatant disregard for the charge of knowing who we were buying from and exercising responsible contracting practices that integrate contracting into the intelligence, plans and operations of units being supported. We saw the need and took charge, through centralized policy and decentralized execution, developing programs improving the effects of contracting for the

warfighter. One such model of success was the Afghan Mentorship Program. This thesis will answer three key questions:

- What should be the place of the Mentor-Protégé Program in COIN contracting doctrine?
- What are the forms of Mentor-Protégé Program that exist?
- Was AMP effective in achieving the COIN objectives, establishing doctrine and best practices?

## **C. INTERVIEWS**

Subject directed interviews with former JCC IA, current CENTCOM Contracting leadership and personnel provides an indication of the knowledge and implementation of contingency contracting policy and programs with a positive impact on counterinsurgency operations. Eight senior leaders who have served in some capacity have been interviewed using a list of eight questions to determine a general consensus of organizational policy and institutional knowledge relative to Mentor-Protégé Programs and the effectiveness to COIN contracting practices.

All interviewees were provided with a copy of the proposed questions below. The purpose of providing a proposed list of questions was to allow for pre-interview screening, as well as provide the senior leaders with an opportunity to earmark or highlight specific questions of interest. The intent of the pre-interview list is to re-establish, in many cases, a comfortable level of familiarity with the proposed topics of the interview, as many of the leaders have not served within the CENTCOM organization for several years.

The key positions of leadership that were requested and granted interviews for this thesis were the CENTCOM Contracting Commander, the Deputy Commander, the Senior Contracting Official—Iraq, the Senior Contracting Official—Afghanistan and other senior civilian contracting officials. The nature of the information collected does not contain human studies research and has been deemed cleared by the Naval Postgraduate School (NPS) Institution Review Board (IRB). The identities of all interviewees have been de-identified for the purpose of ensuring that data collected for this thesis remains strictly organizational.

## **1. Interview Selection Process**

### ***a. Selection Criteria***

All interviewees were selected among senior contracting leadership based on the leader's previous or current position of authority to develop and implement contracting policy, provide guidance within the COCOM's theater of operation and overall contracting command authority. For the purpose of ensuring continuity of institutional knowledge and situational awareness, all interviewees selected were regionally aligned with CENTCOM. Having served in this COCOM, the interviewee may have served with the Joint Contracting Command Iraq/Afghanistan, CENTCOM Contracting Command or Joint Theater Support Contracting Command.

Crucial to their selection was their understanding of the organizational knowledge, their individual level of contracting experience and previous policy implementation. Some positions and criteria were not considered as key factors for the selection of certain interviewees. Factors not considered were regionalized command relationships with combatant commands, United States Forces–Afghanistan (USFOR-A) and International Security Assistance Force tenant units' manning strengths and logistical footprints, previous theater specific knowledge and the timing of surge troops to theater. All are extremely important factors, but consideration may have had an unsatisfactory influence on the implementation and execution of organizational contracting policy.

The IRB has determined that, based on the focus of this thesis, the research questions listed below are organizational knowledge- and policy-centric, and do not constitute from human subject research. The nature of the research questions is grounded in the practices of CENTCOM Contracting Command and the organization policies that formulated its organizational culture. This is something that cannot be attributed to one single command or individual within the organization.

There were eight senior military contracting leaders selected for interview for their organizational knowledge, contracting guidance and policy authority. Six elected to participate. Four civilian acquisition professionals were also selected for interview. There

were no responses from the civilian personnel selected for interview. All acquisition professionals interviewed served in the designated time period of 2006–2012.

## **2. Key Positions**

For the purpose of forming a more congruent prospective of the organizational knowledge and policy guidance pervasive with the command, only key positions within the contracting organizations were solicited for interview. These positions are as follows:

- Joint Contracting Command Iraq/Afghanistan Commander
- CENTCOM Contracting Commander
- Senior Contracting Official Iraq/Afghanistan
- Multi-National Command Afghanistan

## **3. Interview Questions**

In an effort to identify the relative knowledge and understanding of Mentor-Protégé Programs and their benefits and drawbacks, all questions were either organizational or policy centric. There was a conscious decision to use a subject directed method, whereby, the interviewer and subject utilize a formal list of questions, as a context for the interview; however, the subject is provided adequate latitude to expand the discussion. In this case, the eight questions used are listed below.

- What is the organizational command structure of CENTCOM Contracting in Afghanistan?
- How did CENTCOM Contracting apply the COMISAF Counterinsurgency Contracting Guidance, dated 08 SEP 2010?
- What positions within the organization of CENTCOM Contracting assisted in the development of the contingency contracting policy in Afghanistan? Was it AOR specific?
- What tools or models existed within the organization to implement the policy?
- What priorities did CENTCOM Contracting give to mentor-protégé models?
- What was the CENTCOM Contracting Command plan to achieve implementation of the 886 policy?
- What were the criteria used by the organization to measure the effectiveness of the implementation of the COMISAF guidance?

- How do the 886 policy and the mentor-protégé model benefit the warfighter?

#### **4. Summary of Interviews**

##### ***a. Purpose***

The purpose of this summary is to achieve a consolidation of COIN contracting knowledge, organizational knowledge, and policy and guidance executed by contracting professionals in Afghanistan. The summary of interviews is a general assessment of the organizational knowledge and operational experience of acquisition professionals executing contingency contracting support in the CENTCOM Contracting Command AOR. This summary focused on the eight, previously mentioned, organizational and policy based questions. Subjected directed interviews were conducted with six senior military contracting leaders that may have served with JCC-I/A, CENTCOM Contracting Command, CENTCOM Joint Theater Support Contracting Command (C-JTSCC) or other contingency contracting commands in Afghanistan from 2006 to 2012. The interview questions were developed to create a common operating picture. As a consolidated contracting organization with multiple acquisition levels, it was necessary to encourage the interviewees to respond to all eight questions. Each interview was a subject-directed forum where the interviewee was allowed to interoperate, select and respond to any of the eight organizational questions. Some quotes have been taken from the interviews as examples of general responses to the questions. All six interviews had minor deviations from the interview's original questions. During the interviews, however, the deviances frequently benefited the interview process.

##### ***b. Interview Questions and Responses***

(1) What is the organizational command structure of CENTCOM Contracting in Afghanistan? The general organizational command structure of JCC-I/A, CENTCOM Contracting and C-JTSCC in Afghanistan were in a constant state of flux. The way that the contingency contracting organization was structured was in direct relation to the phases of war and the operational support during that phase. In the early part of the wars in Afghanistan and Iraq, the JCC-I/A commander changed the organizations structure

four times from 2006 to 2008 in order to facilitate contracting support as the mission of ISAF and the combatant commander's objectives. In some cases, contracting authorities were embedded with combat brigade and division staffs. The co-location of five regional contracting offices within the regional task force commanders' areas of operations would result in a realignment of effects-based contracting, need over want. Due to the volume and complexity of missions tasked to the required activities, commanders relied on an infusion of CERP funded projects to win the hearts and minds of the people.

By 2009, application of the Money as a Weapon System–Afghanistan (MAAWS-A), as a guide for effects-based contracting, had become a successful tool with commanders. Capable of spending up to \$500K on each CERP project without contracting officer oversight, the two common measures of effectiveness for the program were the number of projects funded and the value of total dollars paid through CERP. Unit commanders had limited oversight of those projects. In some cases the DoD was funding insurgent activities. The CENTCOM Contracting Commander was successful in growing the organization to 14 contracting offices in Afghanistan, tackling quantity and complexity issues. By August 2010, required activities were demanding their own contracting officers and CENTCOM had 17 contracting offices around Afghanistan. Each subsequent commander reorganized the structure of CENTCOM Contracting Command or the prioritization of contracting activities. As with all wars, the troops on the ground dictate the support necessities. The priority of contracting support was frequently driven by the regional command and the phase of operation its warfighters were currently in. Flexibility and reorganization was an ongoing requirement.

[W]e went from 13 Regional Contracting Centers to 4 major centers with subordinate offices, again, to organize that ANSF—the International Security Assistance Force and ANSF organizational structure as they were drawing down and moving and also [to] provide that economy of scale so we were operating more like we would operate in steady state. The other thing we did, as I mentioned, was we also put advisors out at the Afghan National Army corps where these regional contracting centers existed to allow that interface and [to] train, advise and assist methodology between us and them.

I reorganized a C-JTSCC cell that was focused on buying commodities to support, you know, large-scale requirements from U.S. forces to

integrating that commodity cell into a general support-contracting cell that was focused on not only commodities for U.S. forces, but also those commodities requirements that we were executing in support of the ANSF transition. (Personal communication with former C-JTSCC Commander, November 2013)

(2) How did CENTCOM Contracting apply the COMISAF Counterinsurgency Contracting Guidance, dated 08 SEP 2010? Application of the COMISAF Counterinsurgency Contracting Guidance dated 08 SEP 2010 by the CENTCOM Contracting Command was direct and centralized. The regional contracting centers—decentralized—were able to execute within the intent of the COIN contracting guidance. Two issues that ran concurrent and amplified the short comings of ad hoc contracting support during the operational and sustainment phases of war in Afghanistan were 1) the minimal level certification and experience of contracting officers (KOs) and 2) a lack of continuity due to so many one year tours. As noted by one senior contracting official, we had been contracting in Afghanistan for one year, eleven different times. Each interview took some corrective action to screen for certified contracting personnel. An inability to marry personnel and position resulted in creating methods that would later be developed by CENTCOM Contracting to achieve the new COMISAF COIN contracting objectives.

General McChrystal, trying to get his priorities—he absolutely understood the power of our purse and how purchasing power could help him make some of his goals. (Personal communication with former CENTCOM Contracting Commander, October 2013)

General Petraeus was facilitating me starting that command under CENTCOM's flag versus USF-I's flag. He picked right up on the initiative that General McChrystal had started and so I wrote the CENTCOM-COIN guidance for General Petraeus. (Personal communication with former CENTCOM Contracting Commander, October 2013)

(3) What positions within the organization of CENTCOM Contracting assisted in the development of the contingency contracting policy in Afghanistan? Was it AOR specific? Within CENTCOM Contracting, the commander development contingency contracting policies in Afghanistan were similar to those used in Iraq. The problem is that Iraq had a more robust vendor pool. The business market was mature and

companies were capable of delivery. Section 886, in the Afghan First Policy, was implemented into contract solicitations to encourage and build small business capacity in Afghanistan. Host nation businesses would be given a “leg-up” on foreign and third-country nation businesses. Section 886 in Iraq, given the developed nature of business organization, was a success. In the task force commander’s AOR, the Iraqi First Policy was met with open arms, good success and great enthusiasm. In Afghanistan, location, security, tribal affiliation and many other factors can affect the success of commander’s guidance.

[B]ecause we had certain authorities—wartime contracting authorities and the support of the major commanders and the ability to tailor solutions, I think all of that came together to allow a guy like (LtCol) Chris (Maine) and yourself (Maj Walter H. Dunn) to shape a program that got at the intent and goals of the Afghan government in support of the (00:10:51) senior mission commander. (Personal communication with former CENTCOM Contracting Commander October 2013)

(4) What tools or models existed within the organization to implement the policy? As indicated earlier, much of the in-country guidance was ad hoc, issued by the C3 commander or from the Senior Contracting Official in Afghanistan (SCO-A). CENTCOM Contracting Command posted a contracting officers’ toolbox on the C3 restricted website. As for any one of the interviewees having experience dealing with COIN, inquiries as whether subjects had knowledge of what tools or models existed within the organization to implement the policy were met with a resounding “no.” Until September 2010, COIN and contracting were strangers. After the issuance of the COMISAF COIN Contracting Guidance, effects-based contingency contracts would remain to this day embedded with COIN. There in were no SBA-like Mentor-Protégé Programs being administered and NATO Maintenance Supply Agency programs could not cross-pollinate.

(5) What priorities did CENTCOM Contracting give to mentor-protégé models? The notion of a mentor-protégé model was a concern to CENTCOM Contracting Command and Mentor-Protégé Programs began to receive priority during the time frame of 2010–2012. According to the results of the interviews, mentor-protégé models were and afterthought. It was the COMISAF COIN Contracting Guidance and the task to make



it the contracting commanders business when it became a priority. Some of the comments with former contracting leaders denote that priority.

I gave priority to creative, innovative approaches to meeting the intent of the COMISAF policy. I wouldn't say that I mandated that every office have a Mentor-Protégé Program. Every office had to have a program where we were actually expanding our vendor-base and maturing that vendor-base; I'd say mentor-protégé was just one approach to doing it.

I mean, that was really the initiative (mentor-protégé) so they could have longer-term partners and develop people that they could be—what would be reasonable. There was some effort we did in LOGCAP (Logistics Civil Augmentation Program) which is not quite the same, but in LOGCAP we, um, did pay a KBR in Iraq and Fluor in Afghanistan, to run training skills program[s] for small companies, so we were obviously paying their costs because it was a cost contract and we were, at the time that I left—we just didn't get that matured very far, it was very, very difficult to modify that. So those are ideas that we think we could have put in place to try to use LOGCAP; to get off of LOGCAP was my other goal that I was working very hard. (Personal communication with former CENTCOM Contracting Commander, October 2013)

[W]e had to do briefings to General Allen, the COMISAF. I had an Army one-star who'd worked over on the ISAF side and we collaborated weekly on how we were developing Afghan capacity and that involved the mentor-protégé and I called out the Afghan National Trucking—that was a big piece of that, but more intimately through the Afghan Business Advisors that were hiring to bring into those respective RCCs. (Personal communication with former SCO-A, October 2013)

A mentor-protégé construct, that only works if you go into it with the idea that we're going to do things differently, not the way we've always done them.

[T]his great stuff of mentor-protégé and helping the Afghans become great businesses and all that and doing all these great things—while all you guys were working all these projects in Afghanistan, I was working just as hard trying to get you the right people out of Iraq who had construction contracting capabilities that aren't going to be needed anymore because they aren't doing anything else in Iraq and send them to Afghanistan.

[I]t's very tough to create a good Mentor-Protégé Program when you have protégés that are really—they're fronts for somebody who has figured out how to make money off the system. Corruption is such an integral part of the Afghan business climate and the climate in most third world countries—business climate—corruption and paying people off is always

there. (Personal communication with former CENTCOM Contracting Commander, November 2013)

Their role was going to help really facilitate better implementation of that program through outreach, obviously, and education of more vendors so we could do a wider swath. So, again, I—I, um, I don't know—nobody else was doing it to the extent that you were doing it, but we were implementing elements in the COMISAF guidance because that was how I was trying to operate the command. (Personal communication with former CENTCOM Contracting Commander, October 2013)

(6) What was the CENTCOM Contracting Command plan to achieve implementation of the 886 policy? The CENTCOM Contracting Command's plan to implement the Afghan First 886 set-aside policy progressively changed as the contracting support situation changed in Afghanistan. Initially, the practice was to award as many contracts to Afghan-owned businesses as possible. The restrictions on its implementation were contained in the definition of the policy itself. As the command leadership changed, new interpretations and greater constraint of the policy were implemented. According to 886, an Afghan-owned business had to be 51% Afghan owned, must mine. Some contracting officers many foreign-owned businesses were using Afghan-owned businesses as fronts to win set-aside contracting under 886. As new leadership toiled to correct these problems, revisions of the 886 Policy were inevitable. The general conclusion is that with each organizations shift, CENTCOM Contracting made a concerted effort to prioritize use of the 886 policy.

So when they set up Task Force 2010 in late '10, 2010, one of the indicators was how successful were we at neutralizing the CPNs and isolating them and any nefarious characters. So that was one—that was one measurement [to] neutralize the bad guys; isolate them while developing the Afghans who really wanted to work hard for a better Afghanistan. So one of the things we, we would do was we would—we would break out individual commodities like, “how much under Afghan First were we going in terms of—of services? How were we doing with commodities? How many Afghan—under 886 it had to be mined, manufactured and developed in Afghanistan and serviced by Afghanistan. It couldn't be an ex-pat coming in that said, from England, for example, and said, “I'm going to hire all Afghans to do it.” That didn't meet the letter and intent of 886, it had to be mined, manufactured or produced in Afghanistan. (Personal communication with former SCO-A, October 2013)

We used to have something like that in the language in defining an Afghan company under 886, but it got taken out while I was over there. (Personal communication with former C-JTSCC Commander, November 2013)

(7) What were the criteria used by the organization to measure the effectiveness of the implementation of the COMISAF guidance? There was limited investment in the development of measureable criteria for how well the organization implemented the COMISAF COIN contracting guidance. The greater challenge for regional contracting commanders was decoding the centralized guidance while figuring out how to execute the intent or spirit of the guidance, in a decentralized manner without additional resources. Evaluation of the implementation was a bridge that was uncrossed. In February of 2011, the Bagram Regional Contracting Center COIN contracting officer engaged the CENTCOM Contracting commander, BG Nichols and BG Phipps, Deputy Commanding General for Support (DCGS) for TF 101st with a solution. In addition to defining the criteria for measuring the effectiveness of the AMP program, the BRCC COIN contracting officer identified the intelligence value of the program as a data collection tool for personal and professional performance. AMP was a force multiplier capable of delivering relevant financial information on all Afghan-owned businesses, creating traceable fiscal transparency. The utility of having the ability to catch insurgent financiers became the primary measure of effectiveness, rather than trying to measure the implementation of a policy.

Alright, so the same question, um, the Counterinsurgent Contracting Guidance? We really were responsible for helping put together the Annex on this and how we were going to actually employ the Commander's intent for counterinsurgency, but counterinsurgency involved more than just not doing business with bad guys or nefarious characters or folks who were aligned with corruption patronage networks that were funding the Taliban. So Task-Force 2010, I don't know if you're familiar with them.

But that was the economic intelligence piece that worked very, very closely with us as well as the classic intelligence G2 or J2 operations there in theater and even in the rear at CENTCOM and this was really, really different. This was actually a real force multiplier for us because we wanted to make sure we were doing business with the right contractors, the right Afghans—the Afghans that were very much interested in developing their country because, unlike Iraq where we were reconstructing Iraq—and I had two tours in Iraq, Afghanistan it as starting

from scratch and we had an illiteracy rate of about 70%. It was probably, you know, in the bottom 5% of all nations globally in terms of its economic prowess and rate of literacy. So we were dealing with this—this was not an easy task because we had to convince them, through our counterinsurgency, that we were there for their best interests. We were there to develop Afghan business, which we did about 70% of all of our awards for services and for commodities and for minor works construction went to Afghans under the Afghan First Policy. (Personal communication with former SCO-A, October 2013)

CERP—while it doesn't fall under the FAR—it is bound by the statutory construct that prohibits it from being spent on U.S. forces. That's bound more in that manner than it is through the NATO conventions. CERP was a U.S. fund—is a U.S. fund—given to the commander to affect the COIN guidance and the COIN outcomes. So, the regulatory binding of how CERP was executed came from the MAAWS-A, Money as a Weapon System manual, as well as the COMISAF COIN Guidance. One of the things that we put into the MAAWS-A in its revision was our C-JTSCC capacity to oversee that and to limit it. (Personal communication with former C-JTSCC Commander, November 2013)

(8) How do the 886 policy and the mentor-protégé model benefit the warfighter? The Afghan First 886 policy and mentor-protégé model were a significant benefit to the warfighter, according to four of the six senior contracting leaders interviewed. The benefits were passed on the warfighter in the form of reductions in the cost of goods and services, better quality of service and decreased delivery time. The 886 set-aside assisted the local economy with needed economic consideration, infusing increased business interest and opportunity by looking beyond cost, delivery and schedule. The mentor-protégé model fostered business opportunities that allowed many of its struggling participants to gain a foothold in a highly competitive market. By reducing the contract award time, shortening the delivery time of goods and services, and expanding the local vendor pool, the cost to the government was reduced. However, the consolidated answer is that more knowledge and training needs to be conducted on U.S. based mentor-protégé models to impress the thought of MPPs in the minds of acquisition professionals.

So we were maturing companies for enduring through the money and project. We were improving the infrastructure and those were the other non-kinetic mission sets that were given and also the hope that through the

money—our purchasing power—that we were actually reducing kinetic. That was sort of tangential, there’s so many things that would go into that, it would be hard to say, “how much did our Mentor-Protégé Program, how much did COIN contracting affect that?” (Personal communication with former CENTCOM Contracting Commander, October 2013)

But if you really want to do it right in the future, if you really want to take the best of that mentor-protégé in the United States and try to apply it in a third-world country in a contingent operation, you do so at your own peril unless you really have command backing at the very highest level. (Personal communication with former CENTCOM Contracting Commander, November 2013)

The mentor-protégé process was less about contracting, broadening the Afghan vendor base and doing better business with better people than it was about working with Afghan advisors at different ministry levels to develop their capacity to take over the contracting requirements to support [the] ANA (Afghan National Army) and [the] ANP (Afghan National Police) as we transition the stability and security of battle space to the Afghan forces. (Personal communication with MNCA official, October 2013)

## **D. COMPARATIVE ANALYSIS**

### **1. Small Business Development Programs–CONUS**

The Federal Acquisition Regulation (FAR) Part 19 provides guidance to the acquisition professional regarding best practices and how to contract with small business. This section gives contracting officers suggestive guidance on best practices for acquisitions when dealing with small businesses. One of the most commonly used practices is the development of mentoring programs, which help contracting professionals and small businesses provide operational contracting support for many governmental agencies. For the purpose of this thesis, the comparative analysis will analyze the Mentor-Protégé Programs of the Small Business Administration (SBA), Department of Defense, Department of State, U.S. Agency for International Development, and Department of Homeland Security. Relatively restricted by the FAR, these agencies and their acquisition professionals are given great latitude during times of emergency.

In the case of disaster and humanitarian relief operations like hurricanes, floods and earthquakes, based on geographic location and whether the President declares the operation a contingency, the FAR guidance becomes quite liberal. The rules guiding whom the government can contract with and what can be purchased become convoluted. In situations where basic logistical support for assistance personnel become the priority, who we are buying from is less important than the reality that supplies may be scarce and meeting the demand is paramount to life, limb or sight. Professionals are provided this liberality in these circumstances.

The CENTCOM Contracting Command test case, the Afghan Mentorship Program is one particular Mentor-Protégé Program that will be analyzed as well. It was instituted as a small business development initiative and the only MPP program established in an operational contingency contracting environment. A comparative analysis will be conducted of small business Mentor-Protégé Programs. This includes those used in the United States by the five governmental agencies previously mentioned and any that may be used outside of the U.S. to determine the benefits and drawbacks to both the mentor and the protégé.

## **2. Expeditionary Contracting Command–OCONUS**

The difference between successful execution and failed ambition is experience. The contingency contracting and logistical support footprint created by the requirements of the operational units in theater made it necessary for contracting support activities to develop a plan and reengage the warfighters with an executable option. That option was to create some form of a small business model to manage the development and broadening of the existing vendor base.

On behalf of SCO-A, the integration cell and Regional Command–East (RC-East) conducted an immediate assessment to determine where the potential shortfalls existed. Certainly in the broader context of the assessment it was clear that the kinetic and non-kinetic battlespaces were poorly integrated; there was a lack of cogent, integrated planning and programming, which resulted in poor “cradle-to-grave” visibility on theater requirements—and too many requirements were not meeting schedule, thus not achieving

desired COIN effects or maneuver force support needs. These shortfalls become more exacerbated given the current climate of budget constraints (Blake, 2012).

***a. Background***

Upon review of the introduction, the reader may have come to the conclusion that that COIN operations have a distinct probability of interruption without some form of contracted support and that no small business development program exists to support contingency contracting activities OCONUS. This generates two questions with very distinct solutions. First, are contingency contracting activities equipped to provide adequate contracting support for counterinsurgent operations? Is there a model of a small business development program that exists to accomplish COIN contracting OCONUS? Could it be relevant in CONUS contingency environments?

This thesis explains how a small business development program, known as the Afghan Mentorship Program answers both questions by achieving the COMISAF objectives, exceeding the Senior Contracting Official–Afghanistan expectations and becoming a small business development model through a six (6) month proof of concept test program.

In order to answer these two questions, “why is AMP, a small business development program, so important to COIN contracting in contingency environments?” and “what models are relevant?” we have to take into consideration the much broader question, “why is COIN contracting in a contingency environment so important and how does it support the warfighter mission?” This is a not a particularly complex question; however, it does come with a long history and myriad of definitions and explanations. According to *FM 100–10–2 Contracting support on the battlefield*, published in 1999, contingency contracting is defined as “the process by which essential supplies and services needed to sustain deployed forces are obtained on behalf of the U.S. Government” (Department of the Army, 1999). This often encompasses emergency contracting requirements—such as on the battlefield or in response to disaster relief—either of which might occur within and outside of the continental United States.

Contingency contracting is often the most expedient method of mobilizing, transporting and deploying goods, services and military personnel to disaster stricken areas.

When analyzing the importance of contingency contracting, I prefer Fleet Admiral E. J. King's 1942 quote to explain its presence and relevance. Writing a staff officer he said, "I don't know what the hell this 'logistics' is that Marshall is always talking about, but I want some of it." In short, he helped to frame the importance of contingency contracting. As a rapid and efficient logistical alternative, contracting in an expeditionary environment is in many cases, the only lifeline for the warfighter. Dispelling the notion that contracting is not a logistical function, in most cases it is the life support that gives our warfighter a winning edge.

In FM 100-10-2, Army Chief of Staff General Eric Shinseki believed that the Army's primary mission was to deter war and, if deterrence fails, to fight and win. Clearly stated, contracting plays a key role in the Army's ability to support this mission. It provides a responsive alternative to increasing the number of support forces necessary to perform the mission with the understanding that contracting support can be used to augment the support structure during every phase of an operation.

The greatest validation for a vendor development program in a contingency contracting environment comes in the second paragraph where contracting personnel are directed to establish their operations with or near the local vendor base to support deployed forces (Shinseki & Hudson, 1999).

The Department of Defense and other national agencies engaged in national defense depend on expeditionary contracting for life support during contingent operations. In times of emergency, expeditionary contracting teams are thrust into contingent environments, providing critically needed support, in the form of food, water, supplies, services and transportation. In the case of hurricane Katrina, in New Orleans in 2006, and hurricane Sandy, along the New Jersey shore in 2012, the disaster relief provided by contingency contracting officers was essential for saving thousands of lives and sheltering tens of thousands.



Expeditionary and contingency support operations have become synonymous in the minds of the acquisition professional. In January of 2010, Haiti was hit by a catastrophic earthquake that killed hundreds of thousands of people and left a million or more suddenly homeless.

*The work of an organization is never done, and the structure has to be continually adapted to new and anticipated conditions.*

—Ralph J. Cordiner  
American businessman

## **E. RESEARCH QUESTIONS**

This thesis will answer three important questions about conducting contingency contracting operations in support of the warfighter's counterinsurgency mission of stability and security. First, what should be the place of mentor-protégé models in COIN contracting doctrine? Second, what successful forms of MPP exist? Finally, was AMP effective in achieving COIN objectives, establishing doctrine and best practices?

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### **III. MENTOR-PROTÉGÉ MODELS IN COIN CONTRACTING DOCTRINE**

#### **A. OVERVIEW OF COUNTERINSURGENCY DOCTRINE**

COIN doctrine is a fluid concept of joint operational planning that synchronizes military and civilian execution in a continuous and simultaneously efforts contain or defeat an insurgent force within a host nation. COIN addresses the root causes of political, military and economic instability that prevents the HN government from providing its people security and a wide range of municipal services. These services are deemed vital to establish the legitimacy of the HN government. The Army's Joint Publication 3-24, *Counterinsurgency* is continuously evolving. According to the latest edition, as of 22 November 2013, unified action is required to successfully conduct HN, U.S. and multinational partners COIN operations and designates the Department of State chief of mission as the leader of COIN efforts. When the operational environment (OE) is not conducive to a civilian agency lead for the COIN effort within a specific area, the Joint Force Commander (JFC) must be cognizant of and able to lead the unified action required for effective COIN (Joint Chiefs of Staff, 2013).

#### **B. COIN CONTRATING**

##### **1. Introduction**

Structured under the supervision of Army Materiel Command, Army Contracting Command and all military installation and expeditionary contracting operations are subject to the Federal Acquisition Regulation. They must provide operational contracting support activities in accordance with the expressed policy and guidance of the senior contracting official designated authority within acquisition regulation. During times of emergency, such as disaster relief response and wartime combat operations, an immediate need can only be met with contingency contracting solutions. Dedicated contracting professionals are often obligated to look past time, schedule and performance and use experience and conventional wisdom to meet the unexpected requirements generated by

governmental requiring activities. Operational units and organizations are forced to respond beyond their designated capability.

## **2. Contingency Contracting**

The Defense Acquisition University defines contingency contracting as the acquisition process of buying emergency goods and services, including construction, from commercial sources in order to support of immediate response operations in a contingency environment. Emergency acquisitions can include contingency contracting for disaster relief. Each branch of service within the Department of Defense has a contracting command. It can expedite the defense against or recovery from a nuclear, biological, chemical or radiological attack, should it occur in on U.S. soil. Contingency contracting can also occur in situations where the president declares a state of emergency or issues a major disaster declaration (Defense Acquisition University, 2013).

Designated by the Department of Defense, Army Materiel Command (AMC) through Army Contracting Command (ACC) is responsible for the contracting acquisitions of goods and service in support of Army units stationed CONUS. In fiscal year (FY) 2012, ACC awarded over 227,000 contracts at a value exceeding \$74 billion. These contracting actions account for nearly 70 percent of the Army's contract dollars. The Mission and Installation Contracting Command, generally known as the MICC, provides contracting support for the warfighter across Army commands, installations and activities located throughout the continental United States and Puerto Rico. The MICC, consisting of 35 field offices and four contracting directorates routinely performs more than 50,000 contract support actions. In FY 2012 58,000 contracts were awarded totaling more than \$6.3 billion, of which \$2.9 billion went to small business. Contracting actions in support of Army units deployed or stationed OCONUS are processed by the Expeditionary Contracting Command (ECC). Within the ECC there are seven contracting support brigades containing eight contingency contracting battalions and 83 contingency contracting teams supporting missions and operational training throughout the world. Having executed more than 47,000 contracting actions, the estimated worth of ECC's mission was just short of \$1.8 billion.

Defined in a slightly similar vocabulary, the Defense Contingency Contracting handbook, Version 4, October 2012, calls contingency contracting the process of contracting, both CONUS and OCONUS, for the support of contingency operations. Named here as expeditionary contracting operations, the process involves logistical contracting support for major accidents, natural disasters, emergencies and enemy attacks, which may involve the use of weapons of mass destruction. Often, the contingency contracting officer is the professional that is rapidly deployed to rugged, austere, contingency environments to establish command and control of the flow of actual and expected contracting requirements, while serving as an advisor to the theater and operational commanders.

Governed by the Federal Acquisition Regulation, each branch of service has a subsequent corresponding acquisition guide that governs its procurement policies. For the purpose of this report, the Army Federal Acquisition Regulation Supplement (AFARS) will be referenced for contingency contracting guidance. Contingency contracting is typically separated into two geographical categories; those contingency or emergency operations conducted within CONUS and those conducted regionally, OCONUS. Based on this initial classification under the FAR, two different, yet congruent, sets of acquisition guidance may be applied to the similar types of activities.

The maturity of the economic environment will also dictate the manner in which the contingency contracting officer must develop an acquisition strategy and process guidelines to meet the needs and contracting requirements of the warfighter. These activities often require the most knowledgeable, professional and equipped individuals for such missions. Many contingency contracting officers have years of operational experience and understand how important the need is for essential logistical support during emergencies. Contingency contracting is the glove on the helping hand that lifts the vehicle or builds the bridge necessary to cross the needs gap. There is no substitute for fielding critical and lifesaving support. In many cases, these supplies of goods and services are the only thread of hope for individuals hit hard by severe circumstances in devastated geographic regions. Regardless of the many challenges faced in times of disaster response, knowing “with whom are we contracting?” and “where those life-

facilitating, tax payer, dollars going are?” are two of the most frequently asked questions. As foregone a conclusion to many in the mists of an attack or tornado on U.S. soil, they are at the forefront of the mind of the acquisition professional. Out of this line of thinking we must also address a greater question, specific to combat climates, “are contingency contracting dollars going to the right individuals or are we funding an insurgency?”

### **3. COIN Contracting Guidance**

As counterinsurgent operations have continued to evolve to include other non-lethal effects, one particular methodology has risen from obscurity. It is the tactics, techniques and procedures (TTP) of effective employment of money as a weapon system on the battlefield, by way of the commander’s emergency response program. This in itself has become a notable shift in COIN doctrine. Economic improvements result from the proper use of MAAWS in COIN operations (Center, 2011). Also, a better-quality understanding of the 886 Policy has helped to facilitate improvement in the COIN contracting mission.

#### ***a. Money as a Weapon System***

On November 6, 2003, President George W. Bush signed a congressional authorization, known as H.R. 3289, granting operational unit commanders in Iraq authority to obligate specified dollar amounts of Operational and Maintenance funding for the Commander’s Emergency Response Program. The intent of CERP was to empower local commanders with a non-lethal capability to provide urgent, small-scale, humanitarian relief throughout Iraq and Afghanistan. The intent was to make money a weapon to establish goodwill, provide the local population with immediate economic assistance, and form reconstruction and service projects that the government can sustain and deliver. The Department of Defense defines urgent as any chronic or acute inadequacy of an essential good or service that in the judgment of the local commander calls for immediate action. Prior coordination with community leaders increases goodwill (Center for Army Lessons Learned, 2009).

Commanders and their staffs were expected to use sound judgment, while making well-coordinated decisions with Department of State officials, national and local

leadership before implementing any CERP. This was to avoid any harmful effects that might be caused by the sudden infusion of larger sums of cash, which would certainly disrupt local economies, creating hyperinflation. With most small-scale projects (less than \$500,000), CERP is a quick and effective method that provides an immediate, positive impact on the local population while other larger reconstruction projects are still getting off the ground. The keys to project selection are:

- Execute quickly.
- Employ many people from the local population.
- Benefit the local population.
- Be highly visible.

In the form of an August 11, 2008 article by Dana Hedgpeth and Sarah Cohen, published by *The Washington Post*, money as a weapon system receives its first public criticism. Aptly entitled “Money as a weapon,” the article spotlights the relatively flexible guidance and loose implementation of tax payer dollars and the growing use of American cash as the primary means of winning, or rather buying, the hearts and minds of the Iraqi people during Operation Iraqi Freedom. Loosely based on the 2009 handbook guidance, the authors depict commanders and soldiers as near Robin Hood-like figures, bearing bags of good fortune and running around passing out stacks of American tax payer dollars to buy Iraqi goodwill and cheer.

Commander, U.S. Forces Afghanistan Army Gen. Stanley McChrystal at the urging of U.S. Ambassador to Afghanistan Karl W. Eikenberry, issued a co-written white paper in mid-2009, which affirmed Ambassador Eikenberry’s commitment to a secure and stable Afghanistan through economic development and stability. The Afghan First Policy was birthed. Following suit, NATO issued its own Afghan First Policy developed by the NATO Economic Committee, which was an agreement reached in December 2009 by NATO Foreign Ministers. Its intent was to maximize the positive impact of ISAF presence in Afghanistan. Formalized in an April 23, 2010 NATO directive, the Afghan First Policy would be reaffirmed by Ambassador Eikenberry and the new USFOR-A Commander, Army Gen. David Petraeus in July 2010. Dual-hatted, Gen. Petraeus, was assigned as the commander of the International Security Assistance Force and U.S.

Forces commander in Afghanistan. In his September 8, 2010, *COMISAF's Counterinsurgency (COIN) Contracting Guidance* memo to commanders, contracting personnel, military personnel, and civilians of NATO ISAF and USFOR-A, he reiterated the commitment to the Afghan First Policy. Citing the U.S. Army's Center for Army Lessons Learned (CALL) *Handbook 9–27 Commander's Guide to Money as a Weapons System* from April 2009, the USFOR-A Resource Management Directorate (J8) published its *Publication 1–06 Money As A Weapon System Afghanistan (MAAWS-A)* in support of the Afghan First Policy, which had been last updated January 2010. To infuse this guidance from the brigade to the company level, the U.S. Army's CALL published the *Commander's Guide to Money as a Weapons System* in a handbook in April 2009.

***b. Commander's Emergency Response Program***

From 2004 to 2011, the Congress appropriated more than \$4.1 billion for the Department of Defense's (DoD) Commander's Emergency Response Program in Iraq (Bowen, 2013). Commander's Emergency Response Program and similar programs were intended to create sustainable jobs, creating markets for skilled labor and achieving the maximum goodwill within a legitimately established, host nation government and not fund an insurgency. In the final draft version of FM 3–24, dated June 2006, the term CERP would evolve to include the definition and meaning of money as a weapon system. The metamorphosis of COIN continued through subsequent versions of FM 3–24, and so went the CERP and MAAWS concepts. This new and inclusive meaning would reach its germination in the 2009 Commanders MAAWS handbook where it is no longer a facet of CERP, but rather becomes an operational tenet of COIN.

U.S. Senators John W. Warner, Virginia-R, and Carl M. Levin, Michigan-D, were identified as the CERP watchdogs, having pressed the Secretary of Defense to review CERP regulations and oversight, stating that “we never had in mind that it would be for major development.” Referring to the \$33 million hotel, office and retail complex at Baghdad International Airport, a project that he said is “far exceeding the purpose” of CERP (Hedgpeth & Colen, 2008). When asked if Iraq should bear more of the cost of rebuilding, Gen. Peter W. Chiarelli, who was the vice chief of staff for the U.S. Army and



served as commanding general of the Multi-National Corps–Iraq in 2006, said Warner had inferred that CERP is intended as a reconstruction program in addition to being a weapon to combat the counterinsurgency. Gen. Chiarelli, a champion of CERP and MAAWS, mentioned that he and the commanders in the field have all seen incidents of violence in many areas decline when CERP investment goes up. Yet Warner, an original supporter of CERP funding, believes that it looks like a piggy bank for development when it was originally meant to help our troops fight a counterinsurgency and help civilians get back on their feet. The article details accounts of more than 26,000 CERP records that were reviewed by congressional audit and interviews with warfighters with firsthand knowledge of CERP projects. The authors reveal that the intent of the program now exceeds the oversight and capabilities for which it was originally conceived. CERP is used by units for larger projects that most likely will take years to complete. It is now largely divorced from a reasonable size structure needed to handle nation building reconstruction projects.

But where CERP is no longer a perfect implied task for COIN, MAAWS has come of age. Providing a non-lethal, shaping effect, the money as a weapon system practice used in Afghanistan has had a tremendous influence on the HN population. The philosophy and eventual practice developed as a non-kinetic factor, has had a tremendous effect when used in conjunction with counterinsurgency guidance. COIN puts money on the battlefield, as does contingency contracting. It was only a matter of time before someone connected the dots and issued an outline of how COIN contracting intersects and supports the counterinsurgency fight.

***c. Afghan First 886 Policy***

By way of a small business set-aside policy, commonly referred to as 886, acquisition professionals and commanders would soon be charged with implementing contracting as a counterinsurgency tool in Afghanistan. The Afghan First Policy, codified in January 2008, directed limitations on the competition of products, services and sources developed from Afghans in Afghanistan. Through the National Defense Authorization Act publication of Public Law 110–181, Sections 886 for Fiscal Year 2008, the Defense

Federal Acquisition authorities mandated that businesses registered as Afghan-owned in Joint Contingency Contracting System (JCCS) were given preferential status under 886 status. All contractors conducting business within the U.S. contracting authority's area of responsibility, the Afghan theater of operation, were required to register their businesses online with the JCCS and all employees personal data entered into the registration database known as Synchronized Predeployment and Operational Tracker (SPOT) (Nolan, 2010).

The Afghan Mentorship Program was one successful Mentor-Protégé Program, which focused on effectively achieving the September 2010 COMISAF COIN Contracting Guidance objective of effects-based contracting for the warfighter. After conducting numerous interviews with senior contracting professionals, some of whom served at the highest leadership positions in both Iraq and Afghanistan, I was able to conclude that there were no other small-business programs or mentor-protégé models as effective as AMP at getting after COIN contracting.

### **C. COIN OPERATIONS**

For more than a decade, counterinsurgency operations have been the prime objective for combatant commanders, both at the strategic and operational levels. The focus of theater of operation and regional commanders has shaped the operational missions of countless subordinate tactical commands. Once defined as the synchronization of efforts to defeat an insurgent's activities, counterinsurgent operations are an investment of civilian and military authorities acting in consort to sway the support of the local populace either for or against the distressed government or its allies (Department of the Army, 1994). Gen. David H. Petraeus, with the assistance of John Nagl and a host of military academics and literary professionals redefined COIN and how we play, fight and win the COIN mission.

According to the December 2005 Army *FM 3-24 Counterinsurgency, Chapter 5, The nature of counterinsurgency operations*, COIN is depicted as a high level of thought, or political strategy, which has been dedicated to COIN operations. Stated in the FM, COIN requires an applied synchronization of many factors. Any combination of military

and paramilitary operations, international political policy, and economic development, psychological and civic actions can work in conjunction to impact a nation's stability. Often, successful COIN energies will entail the entwined efforts of civilian agencies, U.S. military, and other multinational forces working toward an interdependent vision. These efforts focus joint attacks on the basis of delegitimizing the insurgency rather than just attacking the insurgent fighters. In a comprehensive approach, all stakeholders work in unison addressing the core problems of the host nation, with the HN leadership out front, purposefully engaged in the main effort of stabilizing and rebuilding a legitimate, functional governing authority. The expectation of all stakeholders is that the HN leadership ultimately takes the responsibility of leading as U.S. military and other multinational forces withdraw from the limelight.

For the first time, this publication assertively addresses the elements of COIN operations, in an effort to succinctly combine offensive and defensive campaigns by incorporating procedures of stability to achieve a secure and stable environment. In combination, these two elements promote the growth and sustainment of essential services and economic development, both of which happen to be crucial byproducts necessary to govern effectively. By studying numerous unsuccessful operations conducted against guerrilla activities, Gen. Petraeus and his working group were able to narrow the tactics, techniques and procedures of COIN operations into three indistinct stages, providing an operational progression for COIN. The stages are identified as: 1) stop the bleeding; 2) inpatient care and recovery; and 3) provide outpatient care/movement to self-sufficiency, these stages provided a way ahead.

Successful counterinsurgent operations are identified as having five (5) overarching requirements. The first of which is that the U.S. and HN military and government leadership develop a plan for attacking the insurgents' strategy, with the intent of focusing their collective effort on bolstering or restoring the legitimacy of the government.

Second, counterinsurgent forces must establish command and control (C2) of several areas in which to operate. With host nation forces in the lead, the people must be secured in those areas. Without it the support of the local populous cannot be expected.

Third, operations must be executed from the areas under the C2 of the HN government. This demonstrates the HN's ability to project strength against insurgent control areas, as the host nation works to stabilize the situation and regain control of major population centers. Historically, one of the main objectives of an insurgent force is the destabilization of populations in densely populated urban areas.

Fourth, successful counterinsurgent operations have to expand areas of operation, to include insurgent controlled areas. It is crucial to the HN government securing and supporting the local population to be perceived as "being on the offensive." This means that the insurgent, paramilitary, or politico-administrative apparatus must be rooted out and eliminated.

Lastly, information operations (IO), also known as propaganda campaigning, must be employed aggressively to influence public perception and accomplish a favorable COIN outcome of HN legitimacy and capabilities. In turn, the objective is to create a base of localized and regional support for COIN operations, which shore up international support for the operations being executed throughout the HN. Coupled with a well-publicized IO campaign spotlighting the insurgencies willingness to use violence against the local populous, the goal of discrediting insurgent propaganda becomes obtainable. An effective IO campaign should provide a persuasive substitute for the counterproductive ideology delivered by means of insurgent rhetoric.

In a 2011 article entitled "COIN Contracting: the Strategic, Operational, and Tactical Implications of the Economic Variable in Counterinsurgency Operations," MAJ Christopher L. Center echoes the sentiments of Dr. Steven Metz, author of the article, "New Challenges and Old Concepts: Understanding 21st Century Insurgency." Metz postulates that during conflict, there is a widening of economic activity which counterinsurgency operations, to include contracting, should make every attempt to use in order to expand competitive markets. MAJ Center seems to agree by quoting Metz, who says that "a comprehensive counterinsurgency strategy should offer alternative sources of identity and empowerment for the bored, disillusioned and disempowered" and that "simply providing low-paying, low-status jobs or the opportunity to attend school is not enough" (Metz, 2007). A successful plan for economic diversification must plan for

COIN contracting in operations, especially in “economies which are dependent on a few commodities exports of a single commodity or a few commodities are particularly vulnerable to protracted conflict” (Metz, 2007).

#### **D. OVERVIEW OF HISTORY**

The scale of our contracting efforts in Afghanistan represents both an opportunity and a danger. With proper oversight, contracting can spur economic development and support the Afghan government’s and ISAF’s campaign objectives. If, however, we spend large quantities of international contracting funds quickly and with insufficient oversight, it is likely that some of those funds will unintentionally fuel corruption, finance insurgent organizations, strengthen criminal patronage networks, and undermine our efforts in Afghanistan. (Petraeus, 2010)

This statement by General David Petraeus while serving as the COMISAF commander would resonate in his COIN contracting guidance and throughout his tenure as the contracting support continued to ramp up even as the surge of combat troops in Afghanistan had passed its critical point. Multiple congressional and inspector general reports had cited contract contracting as a source of funding for insurgent activity in both Iraq and Afghanistan. One calumniating statement summarizes the irony of the situation:

Given that contracting has been identified as a source of corruption, I am requesting that all contracts awarded by our international partners be disclosed to ensure that neither high government officials themselves nor their relatives are unlawfully privileged. (Hamid Karzai, Kabul Conference, July 20, 2010)

When the House Subcommittee on National Security and Foreign Affairs released Warlord Inc., it made the Afghan Host Nation Trucking contract, contracting and acquisition support in Afghanistan all synonymous with the report’s allegations of corruption in the U.S. supply chain. Contract oversight became a high priority target as the notorious report branded the prospective contract, worth \$2.16 billion, slated to be paid out to eight private security contracting firms, is fraught with bribery, corruption and a source of financing for Taliban and al Qaeda insurgencies.

The independently published U.S. report analyzed the Warlord Inc. report in a July 2010 article, discussing potential causes of failure. Its release may have been aptly

timed with the unexpected departure of Gen. McChrystal; however, it also considers a lack of oversight as a probable contribution to the corruption and malfeasant activity associated with the HNT contract. Picking at the Department of State leadership, the article exposes a fundamentally weak defense, diplomacy and development policy for Afghanistan set forth by the Secretary of State. Eikenberry's charge also addresses a similar issue with the three "D" policy.

Through a series of senior contracting officials, implementation of guidance and policy, and considerable Congressional oversight, the court of public opinion has had more than ten years to critically analyze and issue numerous articles and exposes on the failures of contracting and fiscal oversight. Ultimately, both SIGAR and the GAO have the official responsibility of issuing reports analyzing the problems with contracts. In a remarkably similar fashion, both reporting agencies acknowledge that government contracting in Afghanistan and other wartime environments is considerably more different than contracting in peacetime. However, the CRS report R42084, from November 14, 2011, neatly boils down the goal of wartime contracting and the "difficulty of getting the right good or service, on schedule, and at a fair price" (Schwartz, 2011). When analyzing U.S. government obligations from FY 2005 through FY 2011, the CRS report identifies that in a "counterinsurgency environment—cost, schedule and performance are often secondary to larger strategic goals of promoting security and denying popular support for the insurgency" (Schwartz, 2011).

What begs to differ here is the question, "has the primary goal of defense contracting in Afghanistan changed to support the mission?" After obligating more than \$50 billion, over a period of nearly ten years, for contracts performed primarily in Afghanistan, the general response is that contracting will be the planned method to establish essential logistic and support services throughout the strategic, operational and tactical levels of operation, throughout every phases of the campaign. The common shortfall is that although contracting is deemed essential for success of the larger, strategic mission, until as recent as 2004, commanders, staffs and planner have failed to integrate acquisition professionals into the planning cycle. So, we as contracting

authorities have been forced to relearn procedural and institutional knowledge, lost as each successive combatant commander learns how to integrate effects-based contracting.

From the establishment of an independent line of operation to the establishment regional contracting center to get aftereffects-based contracting, senior contracting officials did not sit idly by and watch paint dry. From the contributions of MG Daryl Scott, former JCC-I/A commander to MG Camille Nichols and later Rear Admiral Nicolas Kalathas, senior contracting officials “wrestled with the bear.” In the words of BG Stephen Leisenring, “contingency contracting is a full contact sport. You have to be proactive so that the combatant commander knows that you’re there and not just when he needs something.” BG Casey Blakes’ paper to the National Contract Management Association, entitled “Putting Contracting on the Offensive in Afghanistan” echoes this sentiment. In his time as the SCO-A, BG Blake was able to pare down fundamental contract planning and execution in Afghanistan. Figure 4 is an example of how synchronizing acquisition planning, programming, and budgeting activities were effectively aligned with policies and programs, to properly resource kinetic operations (Blake, 2012). The non-kinetic implementation of contracting in a particular region can have long-term implications in terms of economic stability and physical security within a kinetic battle space.

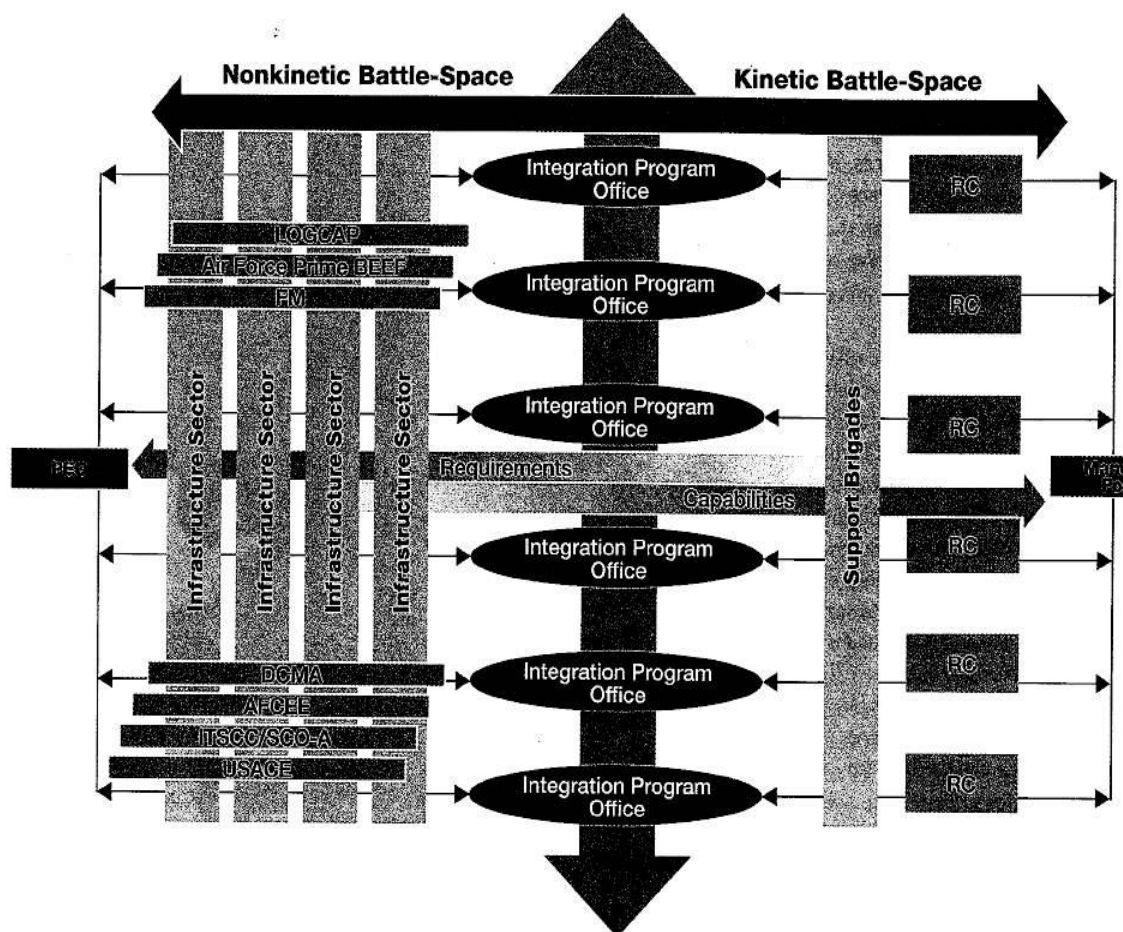


Figure 4. Integration Cell Architecture (from Blake, 2012)

The importance of the concept was understood and initiated by LTG Eikenberry in Afghanistan and Gen. Dempsey in Iraq. An attempt to implement the concept was engaged by General McChrystal, but it took a tri-level effort to accomplish the task of “making contracting commanders’ business” (Petraeus, 2010). Through the COMISAF Commanders guidance, written by BG Camille Nichols, the CENTCOM Contracting commander, Gen. Petraeus and USFOR-A Commander, LTG Rodriguez were able to synchronize effects-based contracting. It was now understood that the success or failure of a regional or maneuver command could depend on how well contracting support was executed within the battle space. “General Petraeus was facilitating me starting that command under CENTCOM’s flag versus USF-I’s flag, he picked right up on the initiative that General McChrystal had started and so I wrote the CENTCOM-COIN



guidance for General Petraeus” (personal communication with former CENTCOM Contracting Commander, October 2013). Contracting as a force multiplier had matured thanks to the bumps and bruises along the way. “Have we been here eleven years or one year eleven times” is the phrase that comes to mind from the Blake article (Blake, 2012). Even the International Security Assistance Force Commander General Allen, commander, recently wrote, “we must improve our contracting practices to ensure they fully support our mission.”

## **E. REGIONALIZED CONTINGENCY CONTRACTING IN AFGHANISTAN**

*Leadership is the art of getting someone else to do something you want done because he wants to do it.*

—Dwight D. Eisenhower

Without a single voice, unity of effort would not be possible. Attribution?

It was hard to get something executable so what we did is we had to have him write something and then I actually got General Rodriguez to write it into an OP Order and that was really when the Regional Commanders were listening and trying to shape more deliberately their purchasing power. In parallel to that, because we could control quite a bit about how something was purchased that came to the contracting offices, we were doing this Mentor-Protégé Program. (Personal communication with former CENTCOM Contracting Commander, October 2013)

### **1. RC-East Bagram Air Base**

The AMP program was used prior to the relief in place (RIP)/transfer of authority (TOA) of the 101st Airborne Division (Air Assault) by the 1st CAV Division Combatant Command. Having successfully facilitated contractor transparency through two successive units, the SCO-A challenged the RCC and COIN contracting program to streamline the RAs contracting support without compromising the existing, no-fail operational support contracts coming under review. Locations of those RAs can be seen in Figure 5. To assist the RC-East Command with the requirements development process the SCO-A established a contracting integration cell with the combatant command. Their primary functions was to streamline the development of requirements packages, attend the Joint Acquisition Review Board (JARB) and Joint Facilities Utilization Board

(JFUB), and assist with requirements validation, as duplicate requirements have clogged the acquisition process with multiple copies of the same requirements, resulting in a slowdown in contract award. The integration cell was intended to get aftereffects-based contracting.

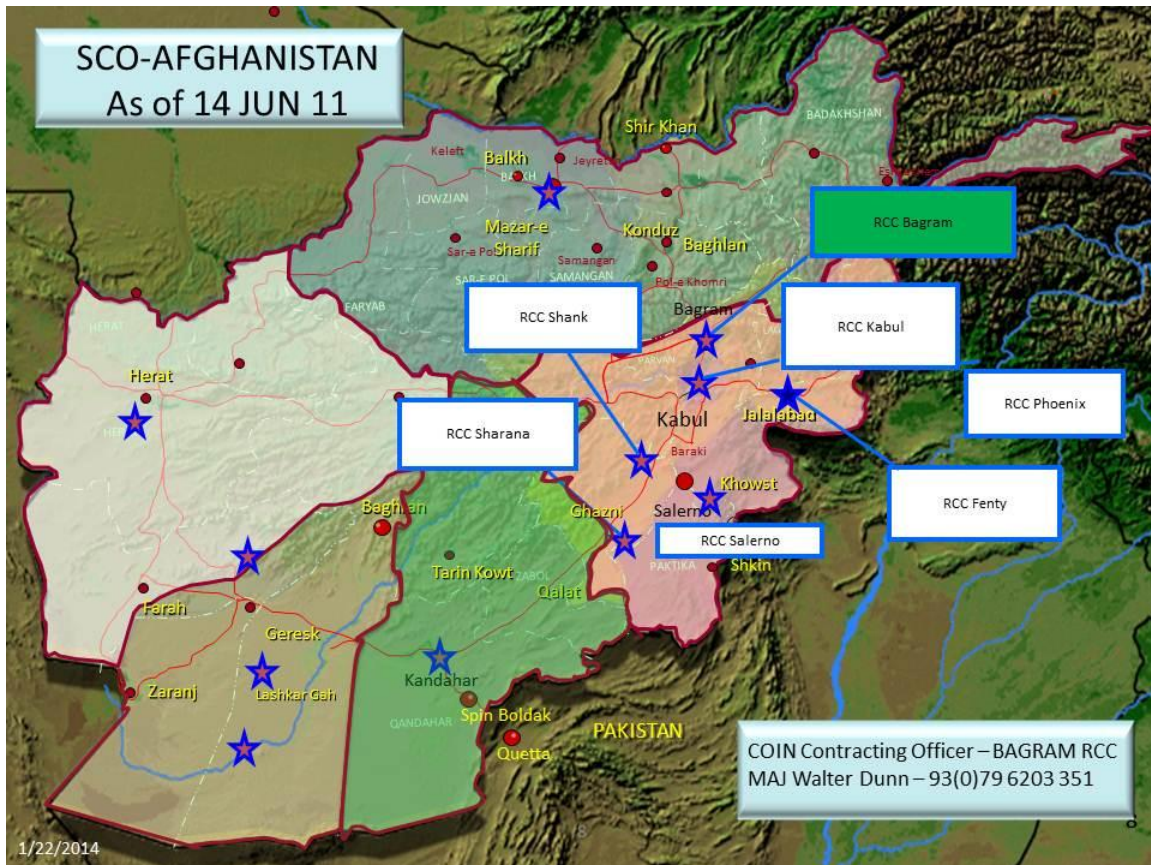


Figure 5. SCO–Afghanistan as of 14 Jun 11. Location of RAs.

## 2. Summary

### a. *Early Contracting*

In late 2001 and early 2002, five regional commands (RCs) were established under the operational control of one International Security Assistance Force command group. Each regional command was headed by an ISAF partner nation. Those RCs were identified as RC-Capital, RC-South, RC-North, RC-West and RC-South. Tactically significant, every RC was co-located on a military base. Larger operational bases

maintained a joint service environment. In order to meet ISAF contingency support requirements, the Joint Contracting Command I/A, and later, CENTCOM Contracting Command, established regional expeditionary contracting centers to pinpoint the requirements activities of each those regional commander.

Regional Commands and contracting center locations:

- RC-Capital: Regional Command Capital (France), Kabul
- RC-South: Regional Command South (The Netherlands) at Kandahar Air Base
- RC-North: Regional Command North (Germany) at Joint Base Mazar-e-Sharif
- RC-West: Regional Command West (Italy) at Joint Base Herat
- RC-East: Regional Command East (United States) at Bagram Air Base

Located at every RC, the Regional Contracting Centers had near acquisition autonomy as the war in Iraq took precedence; contracting support in Afghanistan was an afterthought.

Within a year of U.S. and allied forces stepping on Iraqi soil, the tasks faced by the contracting leadership were intimidating. The model of a Joint Contracting Command–Iraq (JCC-I) was introduced to meet the challenges of contracting support and sustain coalition forces. The priority was the rebuilding of vital Iraqi infrastructure, reduction of dependency on LOGCAP and an organizational structure that supports theater wide contracting functions. Contracting was getting its own line of operational command. Within two years, CENTCOM would consolidated and unite contracting efforts in both the Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) theaters of operation.

***b. Phases One and Two***

The *Journal of Contract Management* discusses the “The evolution of contracting in Iraq March 2003–March 2005.” A basic summary of the article is that contracting operations in Afghanistan have their roots in the evolution of contracting in Iraq.

The path toward sustainment contracting continues, but the end is closer today than it was yesterday. The contracting journey since March 2003 evolved through two distinct phases. In the first phase, pure contingency, the focus was on satisfying urgent requirements and ensuring U.S. forces had the supplies, equipment and services needed to sustain combat and post-combat operations. As the theater and mission matured, the complexity of contracting requirements increased. Emerging challenges and operational limitations of the existing contracting structure required a transformation in the way business was conducted to meet future requirements and demands.

That transformation represented a shift to Phase Two, the transition to sustainment, where the concept of the JCC-I was introduced and implemented. The JCC-I was a new organizational construct for Coalition Joint Task Force Operations, born out of necessity to address the challenges in a large, austere theater with limited resources and is setting the stage to allow the theater to transition to a cheaper, more efficient sustainment-based acquisition strategy.

Why document this evolutionary process? For military acquisition planners, realization, acknowledgement and understanding of transformational events and their impact on current and future operations is essential. The military expends too much time and effort relearning lessons learned. New tactics, techniques and procedures emerging from transformational events need to be taken seriously and be formally integrated into service and/or joint doctrine. The transformation of contracting in Iraq is a textbook case where this new organization and concept of support needs to be incorporated into joint doctrine and not lost in the trash heap of good ideas.

*c. Contingency Contracting in 2006*

In February 2006, Major General (ret.) Daryl Scott, USAF, was the first senior contracting official to see the immense role that contracting would play on the futures of both wars. Taking command of the Joint Contracting Command–Iraq/Afghanistan, he was tasked to make contracting work in both theaters. MG Scott focused his small contracting workforce on effects-based contracting by establishing two pilot 886 programs, the Iraq First and Afghan First Policy acquisition based programs. MG Scott

acknowledged that “our greatest contribution to those that will follow in our footsteps is to ensure that the lessons learned today are properly incorporated into Joint Doctrine so that mistakes and inefficiencies are not repeated in the future” (Defense Contract Management Agency [DCMA], 2006). MG Scott’s words speak for themselves.

The campaign planners had no real concept of how contracting could contribute to a COIN fight in Iraq.

The multinational force headquarters—they had inherited a lot of missions, but they didn’t necessarily see them yet as an integrated part of the COIN strategy.

The Combined Force Command Afghanistan Commander (LTG Eikenberry) was already thinking about contracting as a COIN instrument.

He wanted to know why 50 percent of his spend couldn’t go to Afghan companies. So, everybody had excuses... the surgeon came in and said, “oh, you know, 80 percent of the Afghan population has tuberculosis bacteria in their systems, you know, and you don’t want them close to your troops here.” The loggies came in and said, “we do all this stuff through LOGCAP; run DFACs and we clean up port a potties, that’s all LOGCAP.”

LTG Eikenberry asked, “why can’t I have an Afghan First program that is kind of a set aside similar to small business set aside program?”

General Eikenberry was not going to be denied. He forced the purchase of Afghan uniforms for ANA and ANP—by stating “we’re going to buy uniforms for the Afghan Security Forces and I want those uniforms manufactured in Afghanistan using Afghan materials.”

Three or four weeks after we started rolling the ball for Afghanistan, General Casey called me out in front of the entire MNF-I (Multi-National Force–Iraq) staff and said he wanted a set-aside program for Iraq. They must have had a conversation. (Personal communication with former JCC IA Commander, October 2013)

#### ***d. Evolution of Contracting in Afghanistan***

JCC-I/A’s continued success throughout USCENTCOM shows that it can serve as a model for future joint contingency operations of this magnitude. Planning for contingencies within the contingency contracting support plan (CCSP) must be incorporated early in an operation for acquisition professionals to assess the economic

environment and market structures of the operational area in terms of vendor base and availability of goods and services. A CCSP ensures contracting receives proper attention within logistics plans and the larger operation plan. This analysis must not only assess the AORs, but also that of the entire geographic region in order to leverage key suppliers' capabilities during initial stages of operations. The focus then shifts toward building the local economy. As JCC-I/A has changed in name and structure, changes were made to meet the operational contracting support needs of the warfighter. So to have organizational structure, institutional knowledge changed as well.

*e. CENTCOM Contracting Command*

From Jan 2010 to Apr 2011, MG Camille Nichols took charge of the JCC-I/A. The first thing she did was change the name and methodology of contracting support. MG Nichols' experience and leadership pointed to a policy of centralized guidance and decentralized execution. Initiative, flexibility and autonomy were encouraged attributes. In an environment of high operational tempo, increased requiring activity demands and persistent turnover rate of acquisition personnel, to be a successful organization, CENTCOM contracting needed a strong leader. Although the important lessons of MG Scott's were learned, it would take more time to implement them. Capacity was the order of the day and the numbers of RCC were increased during the surge. The two largest RCCs were at RC-East at Bagram and RC-South at Kandahar.

Swollen with ISAF troops and defense contractors from member countries, there was no relief in sight. An additional change was necessary in order to keep up with basing and operations support. RC south was reorganized when it was split into RC-South and RC-Southwest. The NATO-led ISAF mission was transitioned to USFOR-A for combat support missions and both the ISAF and USFOR-A now fell under the responsibility of Gen. David Petraeus, the new COMISAF commander.

- RC-Southwest: Helmand and Nimroz Provinces
- RC-South: Kandahar, Zabul, Uruzgan and Daykundi Provinces

### **3. Regional Command–East**

#### ***a. TF101***

Maj. Gen. John Campbell, 101st Airborne Division commander and commander of Combined Joint Task Force (CJTF)-101 in RC-East first addressed ISAF units during a transfer of authority ceremony with Maj. Gen. Mike Scaparotti, Commander of the 82nd Airborne Division, and his team on June 14, 2010 at Bagram Airfield. The RIP/TOA not only symbolized a relinquishment of command by the TF82 commander, but a renewed partnership of success between the two divisions. This was the third such TOA the two and marked a rendezvous with destiny as CJTF-101 assumed control of 14 provinces in eastern Afghanistan.

Remarkably upbeat and confident, Campbell said, “our success is measured by our partner’s success and their success isn’t measured by the number of projects or missions we conduct, but by the faith and confidence the Afghan people entrust in them” (Hardy, 2010).

MG Campbell optimistically stated, “the coming year is vital to Afghanistan’s future, and CJTF-101 will build on past accomplishments to further combined and unified action to help facilitate enduring Afghan solutions to Afghanistan’s challenges by, with and through its Afghan partners” (Hardy, 2010).

#### ***b. TF-1CAV***

Led by MG Allyn, the 1st Cavalry Division superimposed itself over the top of the former operational contracting support command structure. There were no changes in how the former RC-East commanded and new commander executed contracting requirements and vetting while the AMP program was in operation.

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## **IV. SUCCESSFUL MPP MODELS**

### **A. MENTOR-PROTÉGÉ PROGRAMS**

A comparative analysis was conducted of Mentor-Protégé Programs that are used by five governmental agencies to determine the benefits and drawbacks to both the mentor and the protégé. The agencies that will be reviewed are the Small Business Administration, Department of Defense, Department of State, U.S. Agency for International Development, and Department of Homeland Security. The objective of the comparative analysis is to identify the stakeholders, the differences between the roles, eligibility requirements for mentors and protégés, overall benefit of the mentor-protégé relationship and evaluation criteria and disqualification. The purpose of such an analysis is to formulate suggested areas of improvement. Also discussed is the use of the 8(a) Program to couple mentor-protégé relationships. The Minority Small Business and Capital Ownership Development Program or 8(a) for short, helps small businesses by giving them an opportunity to compete in a marketplace where they might ordinarily be shut out. Given special status, 8(a) businesses are classified as “small businesses owned and controlled by socially and economically disadvantaged individuals.” They are shepherded through a maze of better business practices and assisted in obtaining and performing contracts with executive-branch agencies. Most governmental agencies, as seen in Figure 6, recognize the importance of the small business in the U.S. economy and actively support 8(a) with Mentor-Protégé Programs of their own (Pilireo, 2012).

#### **1. Small Business Administration**

Created in 1953, as an independent agency of the federal government, the Small Business Administration has the mission of helping Americans start, build and grow businesses. The SBA is vital to the maintaining and strengthening the U.S. economy. By preserving free and competitive enterprise, the SBA assists through forming partnerships with the public and private organizations (i.e., mentor-protégé relationships). Through an extensive network of officers, the SBA provides assistance in the form of aid, protection

of small business interests and consultations. For the purpose of this thesis the Mentor-Protégé Program ran by the SBA is of notable interest.

Offered under the SBA Business Development Program, the Mentor-Protégé Program operates within the guidelines of the 8(a) section of the Small Business Act and helps to facilitate the capabilities of participants through the Business Development Program. Defined as a small, disadvantaged business that is 51% controlled by disadvantaged individuals, 8(a) businesses are encouraged by the SBA to develop private-sector relationships in order to expand their ability to compete for federal government contacts.

Businesses classified as 8(a) can participant in sole-source contract awards, up to the \$4 million ceiling for goods and services and \$6.5 million for construction and manufacturing. As the SBA assists 8(a) firms to build their competitive and institutional knowledge, they also encouraged 8(a) businesses to develop joint ventures or industry teams to bid and compete on ever increasing acquisition contracts.

Known as mentor-protégé relationships, small business owners that decide to participate in a Mentor-Protégé Program can choose to either join as a mentor or a protégé. The SBA Mentor-Protégé Program was designed to encourage approved mentors to provide various forms of assistance to eligible 8(a) businesses as protégés.

***a. Benefits of the SBA Mentor-Protégé Program***

The SBA's Mentor-Protégé Program is a way for all stakeholders, mentor, protégé, consumer, general public and government, to receive the full benefit of growth within an industry, improved quality and reduced cost. The SBA is empowered to develop initiatives that assist socially and economically disadvantaged Americans gain access to economic opportunity under the small business guidance in Title 13, Section 124.520 of the Code of Federal Regulations (CFR).

***b. Benefits to Protégés***

Under the SBA Mentor-Protégé Program, the protégés gain the benefit of technical and management assistance from the mentor's expertise, resources, technical

certifications and capabilities. As the result of its positive performance and good standing, protégés can have other assistance made available to them through the Mentor-Protégé Program.

***c. Benefits to the Mentors***

Under the same guidelines, mentors gain inexperienced subcontractors, but as prime contracts, the mentors can enter into joint venture arrangements with protégés to compete for government contracts. Mentors can own equity interest of up to 40% in a protégé firm to help it raise capital, financial assistance and loans in the form of equity and qualify for other SBA programs.

***d. Eligibility for the SBA Mentor-Protégé Program***

For a business to become a protégé in the SBA Mentor-Protégé Program they have to have never been awarded a contract under the classification of 8(a). Next, the business must be in the developmental stage of the 8(a) Business Development Program. Continuing, it should be less than half the size of a standard small business. Finally, the business may only have one mentor at a time, it must be current with all reporting requirements and be in good standing with the 8(a) Business Development Program.

A mentor can be a small or large business that may have graduated from the 8(a) Business Development Program its self or in transition. The mentor must agree to participate in the program for at least a year. It should also have the ability to help the protégé during that time. To qualify as a mentor, the business must be in good standing as a federal contractor, demonstrate it has been profitable for the last two consecutive years and be of stability financial health. Mentors may have more than one protégé, but most mentors will only have one protégé. They must have the ability to provide lessons of valuable and support the protégé with general knowledge gained through general experience of contracting with the government.

***e. Evaluation of the Mentor-Protégé Relationship***

On an annual basis, the protégé will report accounts and the protégé business plans to the SBA from the preceding program year. These protégé reports will provide all

technical and management assistance that was provided by the mentor throughout the year. If the mentor made investments, developed equity or provided the protégé loans, there should be reported as well. When subcontracts have been awarded to the protégé by the mentor, the values of each subcontract should also be a part of the report.

All federal contracts awarded to the mentor-protégé relationship as a joint venture (designating each as an 8(a), small business set aside, or unrestricted procurement), the value of each contract, and the percentage of the contract performed and the percentage of revenue accruing to each party in the joint venture; and a narrative describing the success such assistance has had in addressing the developmental needs of the protégé and addressing any problems encountered. The protégé must annually certify to the SBA whether there has been any change in the terms of the agreement. The mentor must annually certify to favorable financial health and good character. The SBA will review the protégé's report on the mentor-protégé relationship as part of its annual review of the firm's business plan pursuant to Sec. 124.403. The SBA may decide not to approve continuation of the agreement if it finds that the mentor has not provided the assistance set forth in the Mentor-Protégé Agreement or that the assistance has not resulted in any material benefits to the protégé.

## **2. Department of Defense**

The Department of Defense, Office of Small Business Programs manages three programs. The first program is the Mentor-Protégé Program, which is a pilot program the DoD expects will encourage prime contractors (mentors) currently doing business with the DoD to develop the technical and business capabilities of small disadvantaged businesses (SDBs) and other eligible protégés.

The second is the Small Business Innovation Research (SBIR) and Small Business Technology Transfer Program (STTR), both of which focus business opportunities on innovative and talented small technology companies with entrepreneurial aspirations that can potentially benefit the U.S. military and strengthen our economy. The two programs represent over \$1 billion per year in research and development funding used to support qualifying small businesses through a competitive,

three-phase process. Projects funded through SBIR and STTR serve a DoD need and have the potential to commercialize in the broader marketplace. Solicitations are conducted periodically throughout the year.

The third program is the Indian Incentive Program (IIP) is a congressionally sponsored program that provides a five percent rebate on the total amount subcontracted to an Indian-Owned Economic Enterprise or Indian Organization, back to the prime contractor in accordance with Defense Federal Acquisition Regulation Supplement (DFARS) Clause 252.226–7001. Through the generation of subcontracts to the above mentioned entities, the IIP fulfills its purpose as an economic multiplier for Native American communities. DoD prime contractors, regardless of size of contract, that contain the above referenced clause(s) are eligible for incentive payments.

***a. Benefits of the DoD Mentor-Protégé Program***

This program was begun on October 1, 1991, and was the first federal Mentor-Protégé Program to become operational. Scheduled to expire in 1994, it has been extended repeatedly for the formation of new agreements extended. The most recent extensions through FY 2015 and FY 2018 for the reimbursement of incurred costs under existing agreements. While the DoD MPP focuses on small businesses performing subcontracts and as suppliers on federal contracts, it differs from the SBA's 8(a) Mentor-Protégé Program, where its primary objective is on small businesses performing federal contracts. In addition, mentors in the DoD program may provide assistance to their protégés that is somewhat different than that which mentors may provide to protégés in the 8(a) Program.

Notably, this assistance can be in the form of advance payments, which many federal agencies are prohibited from conducting. Also, under federal procurement law, progress payments are generally discouraged. Mentors have the freedom to (1) award subcontracts on a noncompetitive basis to their protégés; (2) make investments in protégé firms in exchange for up to 10% ownership interest in the protégé; (3) loan money and; (4) provide assistance in the form of general business management, engineering and technical matters, by arranging for small business development centers, procurement

technical assistance centers, historically black colleges, universities, and minority institutions of higher education to provide assistance to their protégés.

***b. Benefits to Protégés***

The protégés gain the most by the technical, managerial, financial and developmental assistance helping their companies grow and preparing them to be prime contractors in the future. Protégés not only receive various forms of assistance from their mentors, but also may generally retain their status as “small businesses” while doing so. If they received similar assistance from entities other than their mentors, they could risk being found to be other than “small” because of how the SBA determines size. The SBA combines the gross income of the firm, or the number of its employees, with those of its “affiliates” when determining whether the firm is small, and the SBA could potentially find that firms are affiliates because of assistance such as that which mentors provide to protégés. However, SBA regulations provide that “no determination of affiliation or control may be found between a protégé firm and its mentor based on the Mentor-Protégé Agreement or any assistance provided pursuant to the agreement.”

***c. Benefits to the Mentors***

Among the incentives that the DoD program provides for mentors are 1) reimbursement of developmental assistance costs and 2) crediting of unreimbursed costs toward applicable subcontracting goals. DoD and the mentor firm may agree that DoD will reimburse the mentor for certain advance payments or progress payments made to assist protégé firms in performing a subcontract or supplying goods or services under a contract. Alternatively, DoD may credit toward the mentor’s subcontracting plan an amount equivalent to the amount of unreimbursed assistance that the mentor provides to its protégé(s). For example, if a contractor provides \$10,000 in developmental assistance to its protégé, this \$10,000 could count as if it were a \$10,000 subcontract awarded to a small business.

Serving as a mentor to an 8(a) firm counts toward any subcontracting requirements to which the mentor firm may be subject under Section 8(d) of the Small Business Act. Section 8(d) requires that all federal contractors awarded a contract valued

in excess of \$650,000 (\$1.5 million for construction contracts) that offers subcontracting possibilities agree to a “subcontracting plan,” which ensures that small businesses have “the maximum practicable opportunity to participate in [contract] performance.” In addition, in certain circumstances, mentors may form joint ventures with their protégés that are eligible to be awarded an 8(a) contract or another contract set aside for small businesses. Mentor firms and joint ventures involving mentor firms would otherwise generally be ineligible for such contracts because they would not qualify as “small” under the SBA regulations. Mentor firms may also acquire an equity interest of up to 40% in the protégé firm in order to help the protégé firm raise capital.

Because mentor firms are not 8(a) participants, they would generally be prohibited from owning more than 10–20% of an 8(a) firm. However, their participation in the 8(a) Program permits them to acquire a larger ownership share.

***d. Eligibility for the Mentor-Protégé Program***

In order for a firm to be a protégé in the DoD MPP it must either meet at least one of the SBA 8(a) requirements. It must be a small disadvantaged business, a qualifying organization that employs the disabled, a (WOSB), a veteran-owned, service-disabled small business (SDVOSB), or located in a historically underutilized business zone (HUBZone).

To be eligible as a DoD mentor, the firm must currently be performing under a minimum of one active DoD or another federal agency approved or negotiated subcontracting plan, in accordance with FAR Part 19.702. The firm must also be eligible for the federal contract award. New mentor applications must be approved and may be submitted to and approved by the Office of Small Business Programs (OSBP) of the perspective defense agency or military service.

***e. Annual Evaluation of the Mentor-Protégé Relationship***

Since 1991, the Department of Defense Mentor-Protégé Program has offered substantial assistance to small disadvantaged businesses. Helping them to expand the overall base of their marketplace participation has produced more jobs and increased

national income. DoD prime contractors are eligible for incentive payments with contracts of \$500,000 or greater.

The DoD MPP assists small businesses (protégés) successfully compete for prime contract and subcontract awards by partnering with large companies (mentors) under individual, project-based agreements.

Traditionally, these partnerships have delivered a variety of products and services specialized in: environmental remediation, engineering services, information technology, manufacturing, telecommunications and health care. Recently, new Mentor-Protégé agreements have focused on corrosion engineering, information assurance, robotics, circuit board and metal component manufacturing. The DoD hopes that future agreements will focus on new technology areas such as radio frequency identification devices and enhanced security assurance.

Many mentor firms have made the program an integral part of their sourcing plans, while the protégé firms have used their involvement in the program to develop much needed business and technical capabilities to diversify their customer base. Our protégé participants have established long-term business relationships with providers of government and commercial goods and services.

Successful Mentor-Protégé agreements provide a winning relationship for the protégé, the mentor, and the DoD.

### **3. Department of State**

The Department of State Mentor-Protégé Program is designed to motivate and encourage large business prime contractor firms to provide mutually beneficial developmental assistance to small businesses (SB), veteran-owned small businesses (VOSB), service-disabled veteran-owned small businesses, HUBZone small businesses, small disadvantaged businesses, and women-owned small business concerns. The program is formulated to foster the establishment of successful long-term business relationships between State Department large prime contractors and small business



subcontractors thereby improving the performance of both. The program is intended to strengthen subcontracting opportunities and accomplishments at the State Department.

***a. Benefits of the DOS Mentor-Protégé Program***

The Department of State reaps the benefits of moving from the traditional large business prime contractor/small business subcontractor model to a mentor-protégé relationship model based on mutual agreement, trust and meaningful business development. Benefits to the DOS include, but are not limited to an expanded base of qualified small businesses, strengthening subcontracting opportunities and achieving a potential increase in small business program goal accomplishments.

Additionally, mentor-protégé arrangements may provide the DOS with greater assurance that a protégé subcontractor will be better able to perform under a contract than a similarly situated non-protégé subcontractor. In support of the State Department mission, other benefits include: acquiring an expanded base of qualified small businesses, strengthening subcontracting opportunities and achieving a potential increase in small business program goal accomplishments.

***b. Benefits to Protégés***

The benefits a being a protégé in the DOS MPP have many of the same benefits as being a mentor. Protégés can receive technical, managerial, financial or any other mutually agreed upon benefit from mentors including work that flows from a government or commercial contract through subcontracting or teaming arrangements. The DOS mentor-protégé arrangements provide the government with a greater assurance that a protégé subcontractor, will have an increased capability to perform under the contract than a similarly situated non-protégé subcontractor. Protégés may have up to, but not exceeding three mentors with the State Department MPP.

Furthermore, a protégé's firm(s) may gain opportunities to seek and perform government and commercial contracts through the guidance and support of its mentor firm(s) that may not have been available to them without the State Department MPP.

***c. Benefits to the Mentors***

Department of State mentor-protégé arrangements are good business decisions for mentors. They provide the mentor with the opportunity to develop a new set of skills that allows the mentor to diversify the firm, achieve compliance and effectively competing for DOS contracts. Mentors also have the opportunity to build trusting and loyal relationships with multiple protégés. The DOS MPP allows a good mentor to have more than one protégé.

The existence of a mentor-protégé arrangement (under an existing arrangement) may be considered by the contracting officer before awarding a contract that requires a subcontracting plan and performance. Mentors have the benefit of contracting officer involvement in DOS MPPs. Mentor-protégé arrangements can also benefit the mentor provided that the government's reduced risk and greater assurance under a MPP mean that a protégé subcontractor will better perform the terms of the contract versus a similarly situated non-protégé subcontractor.

***d. Eligibility for the Mentor-Protégé Program***

For a small business to be eligible to be protégé under the Mentor-Protégé Program it must meet the definition of a small business according to FAR 19.001 and be in good standing in the federal marketplace. The same goes for eligible the mentor firms. Although mentors may be large or small businesses, we anticipate the majority of mentors will be large businesses. These include SBs, HUBZone SBs, SDBs, WOSBs, VOSBs and SDVOSBs. The program excludes firms that are on the Federal List of Debarred or Suspended Contractors.

The protégé firm will go through the process of self-identification by attending small business outreach events, networking, and marketing its self to larger, successful firms. Often they must track those potential mentor firms and offer solutions to their problems. Likewise, mentor firms may offer them potential opportunities—usually to subcontract to a small business in a set-aside procurement.

As a mentor, the DOS MPP is open to any firm (large or small) that demonstrates the commitment and capability to assist in the development of a small business protégé.

The mentor can be a business that has graduated from the 8(a) business development program, a firm in the transitional stage of the program, or a small or large business. The mentor must also demonstrate that it is a federal contractor in good standing.

Some of the steps to becoming a mentor-protégé team are first to meet each other. Build a business relationship, usually through subcontracting. Then, solidify the relationship through a teaming as mentor and protégé. Finally, the mentor-protégé team jointly submits an agreement to the State Department Office of Small and Disadvantaged Business Utilization (OSDBU) for review and approval. The agreement should demonstrate the mutually beneficial relationship of the two parties.

*e. Annual Evaluation of the Mentor-Protégé Relationship*

The MPP is reviewed annually for firms that appear on the Federal List of Debarred or Suspended Contractors. If a mentor or protégé appears on this list they will more than likely be excluded from any further government contracting opportunities. On a yearly basis, the program is evaluated to determine how the assistance aligns with the protégé's strategic vision. In that time, the evaluator wants to see a committed relationship between both parties, assess the capabilities of the protégé and how they interface with the mentor. What they are looking for is stability in the management, financial status, and past performance of the protégé. Results of any contract/subcontract work between the mentor and protégé is very important, as are the subcontracting expectations of both parties.

**4. U.S. Agency for International Development**

The Mentor-Protégé Program operated by USAID also focuses on development assistance for 8(a) small businesses. Regardless of whether it is a service disabled veteran-owned small business, veteran-owned small business or woman-owned small business, the USAID program assists small businesses that have obtained certification in the Historically Underutilized Business Zone program. By enhancing the capabilities of protégé companies, the assistance provided to enhance the capabilities of the protégé firms to perform as prime contractors and subcontractors on USAID procurements.

***a. Benefits of the USAID Mentor-Protégé Program***

The MPP is designed to motivate and encourage large business prime contractor firms to provide mutually beneficial developmental assistance to SBs, VOSBs, SDVOSBs, HUBZone SBs, SDBs, and WOSB concerns.

This program is a community-based effort involving leaders of major firms, financial and bonding institutions, contracting associations, purchasing contract compliance, small business enterprises and support service organizations. It provides an opportunity for the small disadvantaged (protégé) firm to overcome barriers that typically inhibit or restrict the success of its business. It encourages major federal prime contractors (mentors) to enhance the management and technical capabilities of the protégé. The mentor may provide financial assistance in the form of equity investments or loans, subcontracts support and assistance in performing prime contracts through agreements with protégé firms.

Overall, the program is designed to produce a broad base of high quality, competitive and profitable companies through incremental improvement. It is expected that as a result of the program, protégés will experience a greater than industry average success rate and realize the growth and profitability objectives of their business plans, as well as long-range stability.

By implementing this program as a component of our small business enterprise, USAID will provide a community benefit by strengthening emerging businesses and providing them with previously denied opportunities for growth, expansion and increased participation in USAID's economic development. The MPP enables USAID to build effective working relationships between leaders of mature established companies and emerging small business enterprises in order for the latter to benefit from the knowledge and experience of the established mentor firms. Furthermore, the program:

- Fosters the establishment of long-term, mutually beneficial business relationships between USAID and the private sector.
- Facilitates the ability to acquire an expanded base of qualified small businesses that can successfully participate in USAID arena.
- Strengthens subcontracting opportunities.

- Provides greater assurance that a protégé subcontractor will be able to perform under a contract than a similarly situated non-protégé subcontractor.
- Enhances USAID's overall business and economic environments.
- Mitigates the effects of necessary and justified contract bundling.

***b. Benefits to Protégés***

The program is intended to enhance the capability of the small businesses so that they may compete more successfully for federal government contracts. In addition, it encourages private-sector relationships and expands SBA's efforts to identify and respond to the developmental needs of the participants. The MPP arrangements enable protégés to receive technical, managerial or any other mutually agreed upon benefits from mentors including work that flows from a government or commercial contract through subcontracting or teaming arrangements. Mentors may also provide financial assistance in the form of equity or loans to help it raise capital.

Successful protégés capitalize on available business development resources, educate themselves on government buying needs, and market themselves based on skills and ability to meet such needs. Further, protégé firms gain opportunities to seek and perform government and commercial contracts through the guidance and support of mentor firms that may not have been available to them without the MPP.

***c. Benefits to the Mentors***

For acquisitions that contain the requirement for a subcontracting plan, mentors are eligible to receive credit in the source selection and evaluation criteria process for mentor-protégé participation. Additionally, a post-award incentive for subcontracting plan credit is available by recognizing allowable costs incurred by a mentor firm in providing assistance to a protégé firm. Using this credit for purposes of determining whether the mentor firm attains a subcontracting plan participation goal applicable to the mentor firm under a USAID contract.

***d. Eligibility for the Mentor-Protégé Program***

As a potential protégé, you must meet the established eligibility requirements to participate in the Program. A protégé must be in good standing in the 8(a) Program and must be current with all reporting requirements. The eligibility requirements are provided in 719.273 AIDAR and summarized below:

- The prospective protégé must be a SB, VOSB, SDVOSB, HUBZone, small socially and economically disadvantaged business, or WOSB;
- The prospective protégé must meet the size standard corresponding to the North American Industry Classification System (NAICS) code that the mentor prime contractor believes best describes the product or service being acquired by the subcontract;
- The prospective protégé must be eligible for award of government contracts; and the prospective protégé must not appear on the Federal list of debarred or suspended contractor as described in the FAR Subpart 9.4, Debarment, Suspension and Ineligibility.
- Generally, a protégé will not have more than one mentor at a time. However, protégés participating in additional Mentor-Protégé Programs should maintain a system for preparing separate reports of mentoring activity so that the results of the USAID Program can be reported separately from other agency programs.

As a potential mentor, you must meet the established eligibility requirements to participate in the program. A mentor can be a business that has graduated from the 8(a) Program, a firm in the transitional stage of the program, or a small or large business. Regardless of size, you must have the capability to assist the protégé firm and be able to make a commitment for at least one year. The eligibility requirements are provided in 719.273 AIDAR and summarized below:

- The potential mentor may be either a large or small business entity;
- The potential mentor must be eligible for award of Government contracts;
- The potential mentor must be able to provide developmental assistance that will enhance the ability of protégés to perform as prime contractors or subcontractors; and
- The potential mentor will be encouraged to enter into arrangements with entities with which it has established business relationships.
- The potential mentor shall not appear on the Federal list of debarred or suspended contractor as described in the FAR Subpart 9.4, Debarment, Suspension, and Ineligibility.

- Informing and reminding mentors and protégés of their roles and responsibilities.
- Attending mentor-protégé meetings to promote effective cooperation and participation.
- Reviewing meeting and progress status reports.
- Conducting annual performance reviews under the approved MP Agreements.
- Maintaining Program records.
- Attracting the support of larger corporate sponsors.

*e. Annual Evaluation of the Mentor-Protégé Relationship*

Annual performance reviews will be conducted by the OSDBU/Minority Resource Center (MRC) Deputy Director. These performance reviews will focus on the progress and accomplishment realized under approved Mentor-Protégé Agreements. The mentor-protégé package should include a statement upon submission that both the mentor and the protégé will fully comply with all the reporting requirements of the USAID MPP.

As the mentor, you are required to report on the progress made under each of your active Mentor-Protégé agreements annually throughout the term of the agreement. Each report is due 30 days after the end of each twelve-month period commencing with the start of the agreement. A template for the annual report can be found in Appendix C.

The protégé will also be required to submit an individually developed annual report using the same form. Their report must document the progress made during by the prior twelve months in employment, revenues and participation in USAID contracts. The protégé report may be submitted as part of the mentor report or submitted separately, and is due at the same time as the mentor report.

Be aware that the OSDBU/MRC Deputy Director places extra emphasis on the required annual reports since these reports will be used to determine if the agreement is meeting its milestones outlined in the original agreement package, and the effect of the mentoring on the protégé. The OSDBU/MRC will also present an annual non-monetary

mentoring award to the mentoring firm providing the most effective developmental support of a protégé. Each year a mentor firm will be invited to present Program progress.

Under the Small Business Act, 15 U.S.C. 637(d)(4)(E), USAID is authorized to provide appropriate incentives to encourage subcontracting opportunities for small business consistent with the efficient and economical performance of the contract. This authority is limited to negotiated procurements. FAR 19.202–1 provides additional guidance.

Costs incurred by a mentor to provide developmental assistance, as described in 719.273–8 to fulfill the terms of their agreement(s) with a protégé firm(s), are not reimbursable as a direct cost under a USAID contract. If USAID is the mentor's responsible audit agency under FAR 42.703–1, USAID will consider these costs in determining indirect cost rates. If USAID is not the responsible audit agency, mentors are encouraged to enter into an advance agreement with their responsible audit agency on the treatment of such costs when determining indirect cost rates. In addition, contracting officers grant mentors evaluation credit under FAR 15.101–1 considerations for subcontracts awarded pursuant to their Mentor-Protégé Agreements and their subcontracting plans.

## **5. Department of Homeland Security**

The Mentor-Protégé Program is designed to motivate and encourage large business prime contractor firms to provide mutually beneficial developmental assistance to SBs, VOSBs, SDVOSBs, HUBZone SBs, SDBs, and WOSB concerns. The program is also designed to improve the performance of contracts and subcontracts, foster the establishment of long-term business relationships between large prime contractors and small business subcontractors, and strengthen subcontracting opportunities and accomplishments through three incentives.



***a. Benefits of the DHS Mentor-Protégé Program***

The greatest benefit of the DHS Mentor-Protégé Program is that the program is designed to motivate large prime contractors doing business with the government to provide mutually beneficial developmental support and encouragement to small businesses. This Mentor-Protégé Agreement targets business development of protégé firms.

The program is also designed to foster long-term business relationships between large and small DHS contractors, to enhance the performance of DHS contracts, while prime and subcontracting opportunities are enhanced. DHS sponsors vendor opportunities to facilitate potential mentors and protégés networking, which helps firms identify future partnering candidates. The department does not match or recommend firms to serve as mentors or protégés and approval of DHS MPP agreements do not create joint ventures (JVs) between mentors and the protégés.

The mentor and protégé are eligible for an annual award. The award is presented to the mentor-protégé team, which demonstrates teamwork and the mentor that provides the most effective developmental support to a protégé. The Office of Small and Disadvantaged Business Utilization, in consultation with senior DHS management, will solicit nominations from participating mentors and determine the award winner.

***b. Benefits to Protégés***

In addition to the benefits available to mentors, protégés may receive technical, managerial, financial, or any other mutually agreed upon benefit from mentors, including work that flows from a government or commercial contract through subcontracting or teaming arrangements. The assistance could result in significant small business development. Further, protégé firms gain opportunities to seek and perform government and commercial contracts through the guidance and support of mentor firms that may not have been available to them without the Mentor-Protégé Program.

***c. Benefits to the Mentors***

For acquisitions that contain the requirement for a subcontracting plan, mentors are eligible to receive credit in the source selection/evaluation criteria process for mentor-protégé participation. Additionally, a post-award incentive for subcontracting plan credit is available by recognizing costs incurred by a mentor firm in providing assistance to a protégé firm and using this credit for purposes of determining whether the mentor firm attains a subcontracting plan participation goal applicable to the mentor firm under a Homeland Security contract. See Section 1.5 of Program Details.

For Homeland Security, the benefits of moving from the traditional large business prime contractor/small business subcontractor model to a mentor-protégé relationship model must be based on mutual agreement, trust and meaningful business development. These mentor-protégé arrangements provide DHS a greater assurance that a subcontractor that has a mentor-protégé relationship will be able to perform better under a contract versus a non-protégé subcontractor positioned likewise.

There are certain added benefits that support the DHS mission. These include acquisition of an expanded base of qualified small businesses, subcontracting opportunities are strengthened, justified and necessary contract bundling, which has mitigating effects on the goal of achieving a potential increasing in small business program accomplishments.

***d. Eligibility for the Mentor-Protégé Program***

For a company to be selected as a protégé, it must be eligible as defined in Section 1.2(b) and eligible for receipt of federal government contracts.

If the protégé may disclose declare to a mentor that it meets the requirements set forth in paragraph (a) of this section. A mentor may rely in good faith on the written business declarations consistent with the guidance cited in the FAR Part 219.1 by potential protégés as evidence of eligibility to participate.

- Protégés may have multiple mentors.
- Protégés participating in other federal Mentor-Protégé Programs in addition to the DHS' program should maintain a system to record and

track its activities for each agency's program and/or reporting requirements.

Mentors may have multiple protégés. Mentors participating in other federal agencies' Mentor-Protégé Programs, in addition to the DHS program, should maintain a system to prepare separate reports of mentoring activities for each agency's program. The mentor will be encouraged to identify and select:

- Eligible as defined in Section 1.2(a);
- A broad base of small business firms whose core competencies support the DHS mission;
- Small business firms with whom the firm has an established business relationship.

*e. Annual Evaluation of the Mentor-Protégé Relationship*

Upon completion of analysis of all five Mentor-Protégé Programs, having identified four areas of comparison; the benefits of the agency's program to both the mentor and protégé; eligibility for participation as either a mentor or protégé; evaluation criteria and disqualification.

- Reporting and program review
- The mentor and protégé will submit Mid-Term Progress Reports (18th month) jointly.
- The mentor and protégé will each submit a Final Report (36th month) separately.
- The protégé will submit a post MPP report annually for two years.
- Mentor-Protégé business models

### Suggested Assistance

Figure 6. Comparison of Five Mentor-Protégé Programs (from Pilireo Mazza, 2012)

## **B. COMPARISON OF FIVE MENTOR-PROTÉGÉ PROGRAMS**

There are nine areas that were used to compare the five U.S. agency Mentor-Protégé Programs (SBA, DoD, DOS, USAID and DHS). The comparison criteria were identified and selected as a basis on mentor-protégé best practices and are the following list was taken from a Pilireo Mazza 2012 MPP comparison report. Elements compared are listed below:

- Protégé Eligible
- Mentor Eligible
- Benefits for Mentor
- Joint Ventures
- Affiliation
- Multiple Protégés
- Multiple Mentors
- Reporting

### **1. Protégé Eligibility**

Protégé eligibility varies from agency to agency. The SBA has the greatest restriction on protégé eligibility. SBA protégés must be in the developmental stage of an 8(a) Program, which means they are either in good standing or should never have received an 8(a) contract. Also, their size must be less than half the standard for the applicable NAICS code. For DoD eligibility, the protégé must be 8(a) qualified as a SDB, WOSB, SDVOSB, HUBZone, or be an employer of disabled persons. The last three, DOS, USAID and DHS allow all business to participate as protégés.

### **2. Mentor Eligibility**

Mentor eligibility is just as diverse. SBA mentor firms must have two years of profits, indicating it is in good financial health, procurement experience and good character. The DoD requires that mentor have achieved prime contracting status or have graduated from the 8(a) firm status and have at least one active subcontracting plan. As mentors go, large and small prime contractors within DOS, USAID and DHS are capable of providing developmental assistance to protégés.

### **3. Benefits for Mentors**

Many of the benefits for mentors are also good for protégés. Mentors in the SBA program can own up to 40% interest in a protégé firm, which gives them access to small business set asides. The DoD offers reimbursement for financial investment as developmental assistance costs. Through separately priced line items or separate contracts mentors can receive credit toward applicable subcontracting goals. DOS proposes evaluation credit for mentors with subcontracting plans. USAID offers the same benefits for its mentors. USAID also considers development costs for its mentors in determining indirect cost rates. DHS mentors do not receive this luxury. DHS mentors receive proposal evaluation and subcontracting plan credit, same as DOS mentors.

### **4. Affiliation and Joint Venture**

Creation of a joint venture does not equate to an ongoing affiliation as a mentor-protégé. Under SBA rules, which apply government wide, a mentor or protégé may enter into no more than three ventures over a two-year period or risk losing its mentor-protégé status with the SBA. A violation of the three-in-two rule means that the SBA Area Office may examine the parties' overall relationship to determine whether they are generally affiliated. In the realm of Mentor-Protégé Programs, a primary mentor being engaged in a joint venture with another protégé firm does not make the primary mentor affiliated with its joint venture partner. The DoD has an affiliation exemption that may apply, but is not always encouraged to the fullest extent. Outside of the SBA, mentors and protégés may form joint ventures as small endeavors. Under the SBA guidance, mentors can maintain an exempt status as long as they do not enter into a joint venture. There are always exceptions to the rule.

When one mentor enters into a number of joint ventures with another protégé, due to being contractually related to the second protégé, an economic dependence may eventually be found to affiliate the two. The first protégé, although a peer to the second protégé, based on the types of goods and services it provides could remain exempt from a joint venture affiliation. Differing interpretations of the policy have resulted in protests of the by government contractors. In a recent SBA size appeal decision, the Office of

Hearings and Appeals (OHA) confirmed that this exception from the affiliation rules is broad, even allowing an 8(a) mentor-protégé joint venture—potentially—to violate the so-called “three in two” rule.

Typically DoD, DOS, USAID and DHS do not promote JV. Only SBA encourages JV for small businesses and 8(a) contracts provide guidance and oversight when compared to the group of MPPs. DoD has, however, been able to maintain an exemption for mentor assistance to protégés. However, if the SBA has previously examined and approved the interactions between the parties—as was the case here—the SBA Area Office “should not undercut those approvals to find affiliation unless those violations are particularly egregious” (Koprince, 2012).

## **5. Multiple Protégés**

Generally SBA does not usually allow more than one protégé at a time, unless expressly authorized by SBA. SBA never authorizes more than three protégés at a time. Each of the other four agencies authorizes mentors to have multiple protégés as well. However, DoD, DOS, USAID and DHS do not restrict the number.

## **6. Multiple Mentors**

Under its MPP, the SBA reserves the authority to approve a second mentor, primarily when the second mentor relationship pertains to an unrelated, secondary NAICS code. When the protégé needs expertise that the primary mentor, it can be authorized to seek out a mentor that possesses the knowledge. Lastly, SBA can approve a second relationship as long as it does not compete or conflict with the assistance from the first relationship. The DoD does not allow multiple mentors, but the DOS, USAID and DHS do.

## **7. Reporting**

- SBA: Protégé must annually report on developmental assistance in annual 8(a) business plan update. Mentors must annually certify financial health and good character.
- DoD: Semi-annual progress reports, and annual post-completion reports on employment and revenue statistics for two years following completion.

- DOS: Annual progress report, evaluation at end of agreement and any contract under it.
- USAID: Separately prepared, annual progress reports, and annual post-completion reports on employment and revenue statistics for each of the two years following completion.
- DHS: Midterm briefing, joint midterm written progress report, and separate lessons learned report at end of agreement.

Having conducted a comparison of the five indicated agencies with current MPPs, the best practices indicate that require the greatest review are joint ventures, benefits for the protégé, as a subcontractor, and affiliation are three areas that require more discussion and exploration. Adequate restraint exists for determining that protégé and mentor eligibility, benefits to mentors and reporting are being used. The oversight of multiple protégés and mentors is an indication that the agencies above are effective at implementing this best practice. The next step in this paper will be to assess the Afghan Mentorship Program and compare its best practices to those of this section. The purpose of the comparison is to identify areas of improvement, which will be discussed in the subsequent chapter.



## **V. CASE STUDY: THE AMP EXPERIENCE**

### **A. TASK**

The task provided by the COMISAF COIN guidance was to of make contracting commanders business. The task to enact a counterinsurgency effect for the mission commander through implementation of contingency contracting largely fell on deaf ears.

Through a series of five small business initiatives, AMP utilized the best practices to achieve the objective. They are identified as Afghans Building a Better Afghanistan (ABBA), Afghan Mentorship Program, Joint Venture Program, Vendor Tournaments and the Craftsman Program. Although AMP was originally intended to benefit the local Bagram business community, word spread quickly, as vendors from around Afghanistan lined up to participate.

I gave priority to creative, innovative approaches to meeting the intent of the COMISAF policy, I wouldn't say that I mandated that every office have a Mentor-Protégé Program, every office had to have a program where we were actually expanding our vendor base and maturing that vendor base, I'd say mentor/protégé was just one approach to doing it. (Personal communication with former CENTCOM Contracting Commander, October 2013)

### **B. PURPOSE**

The purpose of the AMP was to development and implemented a small business training model at Bagram Regional Contracting Center to expand the vendor base to meet the Regional Command East (RC East).

In October 2010, Lieutenant Colonel Christopher Maine, United States Air Force (USAF) contracting officer and BRCC Chief, developed a concept for a small business outreach program to identify Afghan businesses that make products in Afghanistan and broaden the utilize of the 886 Afghan First Policy. In the form of a Sole Source, 886 set-aside contracts, ABBA was initiated and 47 Afghan businesses, in a 150 kilometer radius, were identified as potential vendors for 886 consideration. From that outcropping came AMP and Major Walter H. Dunn III, U.S. Army, designated as the BRCC COIN contracting officer worked with LtCol. Maine to refine AMP into a small business

training program. In early February 2011, the first series of briefs on AMP were given to BG Camille Nichols, CENTCOM Contracting commander and Deputy Commanding General for Support BG Warren Phipps of the 101st ID in RC-East. After further refinement and execution AMP was expanded within BRCC to include a Mentor-Protégé Program, called the Joint Venture program, which teamed some of the small Afghan businesses that were identified through ABBA and trained under AMP. These small businesses were paired with larger Afghan businesses or other national companies possessing the skills necessary to mentor their new protégé. On either account the joint ventures helped to develop a robust subcontractor base in the Bagram RC-East region. The intent of AMP was to establish a baseline, unity of contracting effort within the Regional Command East task force commander's area of operation at Bagram.

The challenge of COIN contracting was to make contingency contracting in a contingency environment a non-lethal force multiplier for the taskforce commander. COL William Fuller, the Senior Contracting Official–Afghanistan at the time understood that the AMP initiatives could provide an active metric for the correlation of better buying and COIN contracting. With the permission of MG Camille Nichols, AMP was launched. The overarching effect was to correlate contracting activities, account for contract revenues and target insurgent activity in a regional area by linking money paid to local contractors to insurgent activity. In concept, the non-lethal COIN capability AMP could provide would be invaluable.

By conducting vendor fairs and small business outreach programs, identifying new vendors and potential contractors, the acquisition professional has the best chance of finding better people to engage in better business practices. Local talent on the verge of entering the competitive marketplace can receive the actions of contingency contracting activities that implemented programs for the purpose of exploiting objectives written into the counterinsurgency directive intended to contribute as a non-lethal force. The COMISAF's COIN guidance placed the responsibility of achieving eleven key tasks on the shoulders of task force and unit commanders.

In July 2011, the Afghan Mentorship Program concluded a six month proof of concept at Bagram Regional Contracting Center, where AMP was initially developed in

concept by BRCC chief LtCol. Christopher Maine, U.S. Air Force and refined and executed by Major Walter H. Dunn III, U.S. Army, with the blessing of then Senior Contracting Official–Afghanistan COL William Fuller.

Colonel Fuller has since co-authored an article with Lieutenant Colonel Thomas D. Ficklin and Captain Christopher T. Stein, both USAF, entitled “Contracting as counterinsurgency: the economic path to victory in Afghanistan.” Published by *Defense AT&L* in May–June 2011, COL Fuller extols the value of successful efforts to locally source most of the services and construction requirements needed to accelerate the share of our commodities buying, putting money back into Afghan market.

Factories in Kabul make mattresses, desks, and chairs that are less expensive and contracting efforts provide an invaluable opportunity to empower Afghan businesses and create enduring political and economic change in Afghanistan. Economic success depends upon not just individual contracting officers pursuing innovative acquisition strategies, but also a collaborative whole-of-government commitment from all stakeholders. (Fuller, Ficklin, & Stein, 2011)

In August 2010, regional contracting offices were singing a significantly different tune, as the NATO led International Security Assistance Force in the South and located at Kandahar Air Base, prepared to transition authority to the U.S./USFOR-A COMISAF. The NATO Maintenance Supply Agency, at that time was responsible for logistic and life support contracting requirements associated with all NATO-led ISAF in the southern region. Efforts to track and maintain financial accountability of local national contract vendors were virtually non-existent.

As U.S. public law applies to U.S. contracting authorities, Section 886 of Public Law 110–181, published in FY 2008 of the National Defense Authorization Act, went greatly ignored at the Kandahar Regional Contracting Center. Created to provide economic opportunities for Afghan companies, the Afghan First Program was intended to create business opportunities for Afghan vendors and jobs for Afghan citizens. While promote economic development and conditions for stability, this set-aside program was primarily meant for small economic infusement projects that could accomplish combatant

Commander's Emergency Response Program counterinsurgency objectives covered in *Handbook 9-27, Commander's Guide to Money as a Weapon System*, dated April 2009.

The Center for Army Lessons Learned publication was intended to employ commanders with key lessons to value money as a valuable weapons system, empowering them with the knowledge that money and contracting in a COIN environment are vital elements of combat power. Leaders were challenged to understand fund programs and how to leverage money used in contracting to impact their operations, effectively retooling contracting as a shaping force on the battlefield. Where brigades often lacked internal resource management and contracting expertise, a proactive leader could leverage the financial management and administrative knowledge of the contracting authority in his combat environment, while reducing the burdensome responsibility of interdicting potential fraud, waste and abuse in a COIN environment. According to the CALL commander's MAAWS handbook, the proactive leader can achieve critical operational success and be a good steward of taxpayer dollars.

In October 2010, Lieutenant Colonel Maine had an idea of how to initiate movement on the COIN COMISAF guidance. But he realized that he would need a better snapshot of the local economy and what/who he would be working with. Starting with the concept of purchasing building materials produced in Afghanistan by Afghan business, LtCol Maine initiated a vendor fair to reach out to small businesses surrounding Bagram Air Base. Appropriately named Afghans Building a Better Afghanistan, the ABBA initiative was intended in the form of a contract to identify and utilize these businesses for CERP projects. Awarded to an independent Afghan businessman, the contract required that the contractor find as many Afghan manufacturers as possible, within a 150 kilometer radius around BRCC. The ABBA contract yielded the first 42 potential vendors.

ABBA would lay unused for four months. In January 2011, MAJ Walter Dunn, previously the commodities chief at Kandahar RCC, was hand-selected by COL Fuller to head the Bagram COIN contracting effort. The SCO-A wanted to get a handle on this new COIN contracting guidance and COL Fuller identified MAJ Dunn as "our man" to assume responsibility for all planning, training and integration of COIN contracting at

Bagram. Pitched to BG Camille Nichols, the CENTCOM JTS Contracting Commander, this would be a test bed of a concept and was going to be developed and implemented at Bagram.

In the first 30 days of the COIN contracting program, MAJ Dunn, assisted by Lieutenant Colonel Maine, wrote, developed and initiated a small business development program for the local vendor market surrounding Bagram. During the six (6) month proof of concept period, the manager recruited and trained eighty-four (84) new Bagram Afghan vendors, expanding the local business economy. Having awarded twenty-five (25) Afghan first, 886, contracts, MAJ Dunn turned his focus toward woman-owned Afghan business development.

The small business training model at Bagram Regional Contracting Center had become a COIN contracting success story. After the departure of Lieutenant Colonel Maine, a new U.S. Air Force Lieutenant Colonel Greg Mazul replaced him. Having arrived on short notice, he elevated the success of the BRCC COIN contracting program to the attention of BG Casey Blake, USAF. BG Blake having assumed command as the SCO-A in June 2011 was briefed on the success of the renamed Afghan Mentorship Program. Encompassing not only the ABBA initiative, AMP now included four other initiatives that fell under the umbrella of this small business development program. They were the namesake—Afghan Mentorship Program, initiative for vendor tournaments, the joint venture initiative and the craftsman initiative. Each initiative had a goal, concept and action. The SCO-A, BG Blake, saw AMP as the answer to the COIN contracting directive. Adopting it as the standard, he took the small business development model and distributed as a guide throughout the RCCs in Afghanistan.

## **C. SUMMARY**

BG Casey Blake took these concepts in a basic form and intended to make them the SCO-A COIN contracting standard. In a 2011 article, published by Army AL&T Magazine, MAJ Christopher L. Center, extols the success of the Afghan Mentorship Program as a method for synchronizing four objectives: 1) bolster the efforts of stakeholders in the warfighter 2) contingency contracting communities enabling ISAF to

3) execute COIN operations which are 4) nested in the Afghan First (Section 886) Program (Center, 2011).

### **1. Afghans Building a Better Afghanistan**

Goal: Identify and utilize building materials Afghan produced for CERP projects; use an 886 Afghan First clause in each contracting to redirect supply purchases and contracting funds to the local economy.

Concept: Purchasing building materials produced in Afghanistan will create jobs and additional manufacturing possibilities. Contract awarded to canvass 150 kilometer radius around Bagram AB. Identified forty-two (42) Afghan manufactures, twenty-seven (27) found to employ trained personnel with certifications equal to European safety standards.

Action: The contractor was able to consolidate information, product brochures, price lists, pictures and samples; information will be utilized to bond Afghan building materials and labor with the units Command Emergency Response Program.

### **2. Afghan Mentorship Program**

Goal: Educate and provide information to Afghan vendors so that they may competitively win contracts and provide superior performance.

Concept: Conduct weekly vendor training in small learning groups to effectively and efficiently imparting common business practices when doing business with the U.S. government.

Action: BRCC will host weekly sessions, ability to track completion and entry into vendor tournament, provides flexibility for us and target audiences.

### **3. Vendor Tournaments**

Goal: Develop a “Top Tier” vendor database of performers for award of Blanket Purchase Agreements (BPAs).

Concept: Pools of vendor competition at four (4) differing dollar thresholds.

Action: First vendor tournament conducted 10 Sep 10. At each level, three vendors were invited to participate in bidding. Losing bidders receive debriefing. Based on positive performance, winners were allowed to move into the next higher dollar pool. Vendors continued to advance through each pool until they reached Pool IV. These are identified as “Top Tier” and become eligible for BPAs and more demanding contracts. A losing bid or bad performance will move a vendor down to next lower pool. Three consecutive losses result in a vendor being found non-competitive.

#### **4. Joint Ventures**

Goal: To guide contractors into teaming arrangements allowing technology transfer.

Concept: Afghan companies that do not have technical expertise to provide “Western Standard” goods and services are encouraged to team with international companies who have expertise for supervision, training and development of experience that has documented performance.

Action: Ample competition among Afghan companies that have the ability to meet U.S. and European specifications provide an alternative to costly prime vendors with the benefit of more economic opportunity for the Afghan people.

#### **5. Craftsman Program**

Goal: Develop Afghan contractor base trained and certified in accordance with NEC 2008 and European Safety Standards and serve as a cost effective option to expensive prime contractors.

Concept: Prime vendors, certified skilled craftsmen, engineers and specialists are encouraged to hire Afghan tradesmen apprentices, teach and mentor small businesses and develop subcontractors as a viable economic alternative to Logistics Civil Augmentation Program and third-country national (TCN) labor.

Action: Certified, subcontractors hired a COIN-centric cost-efficient labor force for electrical, plumbing, construction and other trades usually awarded to costly non-Afghan international firms.

## **D. ASSUMPTIONS AND LIMITATIONS**

### **1. Assumptions**

#### ***a. Knowledge of Contracting***

The reader has a rudimentary knowledge and understanding of contracting in a contingency environment.

#### ***b. Contingency Contracting***

The United States government will continue to use contingency, also known as expeditionary contracting as the primary means to support emergency and combat support operations throughout the global area of operation for the foreseeable future.

#### ***c. Contingency Contracting Officers***

During a declared contingency operation, either deployed to a hostile combat zone or humanitarian and disaster relief area, the term contingency contracting officers will only refer to commissioned officers and enlisted personnel of the Department of Defense.

#### ***d. Development of Contingency Contracting Guidance***

Developed over what could be considered a long period of time, the contingency contracting guidance used today evolved out of a need to win the hearts and minds of the populations that we liberated. In a 2011 article, “No More “Mad Money”: Salvaging the Commander’s Emergency Response Program,” author Heidi Osterhout, Major, U.S. Air Force, exposes the origins of and all things CERP. Maj Osterhout paints a picture of success in the transitional stage of the war in Iraq, success, problems with management and transparency, and project sustainability. Efforts to battle cultures of fraud and corruption are drawn to similar conclusion in Iraq and Afghanistan. For all the work to police it, the success of CERP as seen from the eyes of the commanders using it only increased the magnitude of funding and failures.

I can write a book on misuse of CERP and how not to do that again as well as Afghan infrastructure funds. And again, I don’t criticize the Brigade Commanders because they were under tremendous pressure with all that money coming in that Congress pushed our way in term of budget



authority, to use it through CERP or AIF. The problem was we never had the oversight and what I mean by “oversight” is we never had the surveillance in place to do that because all of the CORs (contracting officer representatives) came out of the maneuver force and if I have a security-dependent environment. (Personal communication with SCO-A, October 2013)

Ryan D. Yamaki-Taylor, a Naval Postgraduate School student and special operations officer, is the first individual to attempt to tie COIN contracting, MAAWS-A and CERP together in an effort to discern what went wrong through his 2011 thesis entitled, *Shoot, move, communicate, purchase: How United States special forces can better employ money as a weapon system*. Although not addressed in depth previously, Yamaki-Taylor endeavors to analyze historical friction areas experienced by CORs, caused by contracting officer guidance and special operations task force (SOTF) employment at the task force level and below. The impact of the COMISAF guidance on COIN contracting in Afghanistan was identified as having a correlational impact on the performance effectiveness of United States Special Forces (USSF), as it relates to the commander’s MAAWS-A guidance. By employing a modified version of the Yoder three-tier model for optimal planning and execution for contingency contracting, the author suggests that many of the historical frictions can be reduced or eliminated.

*e. Contingency Contracting Core Competencies*

Developed by CMDR (retired) Cory Yoder, former naval supply officer, the Yoder three-tier model consists of basic contracting officer core competencies and functions of personnel. Used to assess the current operational contracting environment, it can assist with determining the appropriate level of contingency contracting support necessary. Based on the existing support capabilities, the senior contracting official can determine the appropriate contingency contracting officer necessary based on the combined, joint or operational command structure. Each level within the Yoder model provides the senior acquisition professional with a guide for assigning individuals with the appropriate level of contracting education and experience to meet the challenges of a combined, joint or operational command structure. For the purpose of facilitating contracting awards based on operational requirements, the command must to weigh the

pros and cons of contingency contracting at each level. At the first level or tier-one is the ordering officer, next at tier-two is the leveraging contracting office and at tier-three is the integrated planner/executor.

The ordering officer's responsibility at Level I is to execute basic simplified acquisitions, in the form of orders, conduct and complete training in accordance with Defense Acquisition University (DAU) Contracting (CON) 234. The ordering officer is also Defense Acquisition Workforce Improvement Act (DAWIA) Certified CON Level I or II and should be a junior to mid-enlisted, junior officers or General Schedule (GS) civilian, 1102 in the grade of GS7–9. The benefit of the ordering officer (tier-one) is the acquisition capability of simple buys under the simplified acquisition threshold (SAT) amount with no need of integration with operational units. This can be seen as a disadvantage, as the ordering officer is not involved with the operational or logistical planning at the unit level and has no broad liaison function, which could be useful in the case of unforeseen and emerging requirements after execution.

At the second tier is the leveraging officer, who is a small economy specialist capable of leveraging local markets, helping to reduce material “push and pull” and educating and training individuals at the DAU CON 234 level. Leveraging officers are DAWIA CON Level II or III certified, should be a senior enlisted, possibly a junior to mid-grade officer or a GS civilian 1102 (GS11 or higher). The leveraging officer is better at planning localized operations, can facilitate integration and provides the commander with more operational capability. One drawback to the leveraging officer is that they do not function as a planned theater integrator and thus provide no liaising capacity to the attached command. In addition, although highly proficient at contracting, the leveraging officer may perform local operations to optimize logistical support, but at a detriment to theater operations.

The integrated planner/executor or tier-three is a senior officer (O6+) or senior 1102 civilian/GS-13 or higher. Conducting acquisition planning at the highest joint levels, the individual is integrated at the G/J4 and G/J5. Involved with the creation and execution of operational plans (OPLANs), this officer provides direction for the contingency contracting officer (CCO) strategy two levels down, and links all operations

to the strategic theater objective of the combatant command (COCOM). This individual is highly educated, having earned both military and civilian graduate degrees. Certified at DAWIA Level III in contracting, the individual also has high DAWIA certifications in multiple disciplines. The integrated planner/executor performs operational and theater analysis, integrates results into OPLAN, and is the conduit between the COCOM and OPLAN to all theater contracting operations. This individual coordinates theater objectives with best approach to contracted support and can achieve broader national security goals through effective distribution of national assets. There are no drawbacks to this tier system, as an integrated planner allows the combatant commander to focus on the operational and strategic mission. He or she orchestrates planning, communication, coordination, and exercises with nongovernmental organization (NGOs) and private voluntary organization (PVOs) in theater.

The author, Yamaki-Taylor, ultimately came to the conclusion that a change in rank at the position of the Leveraging Contracting Officer (tier-two), along with timely integration of this senior, more competent contracting professional, would help or reduce frictions in the USSF contingency contracting process. Still the question remains, why is contingency contracting so important to counterinsurgency, when a COIN contracting directive was issued by the COMISAF commander? We can begin to understand its importance by understanding the contracting guidance.

## **2. Limitations**

### ***a. COMISAF COIN Contracting Guidance***

Intent of the COMISAF COIN Contracting Guidance was to achieve the following:

- Afghan Mentorship Program has continued to be implemented.
- Potential intelligence gathering value of AMP exploited.
- Proof of concept has been codified and refined to meet changing economic conditions.
- Afghan first (886) local vendor goals have been achieved.
- Afghan vendor base has continued to expand, yielding increased savings.

- Local economies near or around RCC are diverse and self-sustaining.
- AMP refined and more pliable, other small business programs developed
- COIN contracting program is centrally managed, increased C2.
- Limitations
- Command and Control—Standardization has limited programs ability to meet RCC immediate need.
- Information is located in the military theater of war.
- Classification/Restrictions prevent information sharing.
- Lessons learned are not passed on.
- Contracting officer experience level.
- Combatant Commander's knowledge/understanding of program.

***b. COIN Guidance One Task at a Time***

The first task was to understand the role of contracting in counterinsurgency operations. Not a difficult first step, as early customer education, expectation management and contract management training at the regional contracting centers were abundantly available. The challenge was time. With so many competing constraints, unit commanders and staff had very little time to receive the necessary contract management training.

The second challenge was to train and hire Afghans first, according to the Section 886 Policy, which is not a typical function of a combatant force. As units collocated and established bases of operation in localized population areas, they were able to know who they were buying from, purchasing Afghan products and building Afghan capacity. This was the third and perhaps most important challenge addressed to all commanders, contracting personnel, military personnel and civilians of NATO ISAF and USFOR-A. The COMISAF's COIN contracting guidance was a set of tasks that challenged the acquisition process at every level. Aimed at contingency contracting professionals, trying to understand the fourth task, the role of contracting in counterinsurgency was a complex exercise of mental aerobics. Contractors had been hiring Afghans first while acquisition

professionals in the RCC focused purchasing on Afghan products. An organizational policy of decentralized execution was essential for CENTCOM contracting to build Afghan capacity, at all levels.

Heavily influenced by 886, achieving task five, knowing whom you are buying from was exceptionally difficult. Based on the volume of contracting requirements streaming out of the regional JARBs and JFUBs, the tide of rubber-stamped requirements posed a direct challenge to the exercise of responsible contracting practices. At any given time, a contracting officer with an RCC could be expected to have 30–40 pending contracting actions.

The sixth, seventh and eighth tasks of integration of contracting into intelligence, plans and operations, consulting with local leadership and developing intelligence from contracting actions might have been the straw that broke the contracting officers back. Integration of contracting into Intelligence is something that must be coordinated for and accomplished at the tactical and operational levels by brigade and task force commanders. Contracting authorities are not trained or staffed for such capabilities. Consulting and involving local leaders, to develop new partnerships, which also have an intelligence value and force multiplying capability, relative to security and stability is again a tactical and operational level function. It does provide ample opportunity to collect critical information for commander's decisions. However, it is manpower intensive. Soldiers at the smallest unit level, the fire team, are capable of accomplishing this challenge.

The last three challenges, contracting professional must look beyond cost, schedule and performance, acting now and getting the message out were wishful thinking. To meet the COIN guidance, the COMISAF Commander challenged every leader to invest adequate personnel within each organization the task of oversight and contract requirement enforcement. It is an expected practice for commanders to accept risk in non-critical areas of management when faced with competing critical requirements. This is one area that most chose to sacrifice. The COMISAF commander issued the order for all of those involved in the acquisition process to act—make this a priority now, as many years and millions of dollars went unaccounted for. The last task

was to get the word out. The process of telling your success stories and finding individuals that will listen was a major challenge for all every involved. Successful contingency contracting is not a scorching topic in the information operations arena and the competing requirements that consume a contracting activities efforts and assets are rarely media worthy.

*c. Personnel Strength*

Finite number of acquisition professionals in the CENTCOM contracting AOR.

*d. Institutional Knowledge and Organizational Experience*

The legacy of institutional knowledge was insufficient do aptly apply best practices, which were incomplete in the areas of expeditionary and contingency contracting experience within the organization. Factor in scant pre-deployment qualification standards, which were supposed to be mandatory, coupled with a joint operational contracting environment and you have the potential for oversight failure. In addition, by factoring in varying, service orientation tour lengths that inhibit contracting continuity, the chances for instituting acceptable operational competence within the organization is further diminished. The intent here is to provide an adequate picture of the institutional knowledge and operational experience expected to implement the COIN contracting guidance, as many other corrective actions as recommended by the many reports were just out of reach.

This thesis explores the Afghan Mentorship Program, consisting of five initiatives that effectively managed these deficiencies and achieved integration and implementation of the COMISAF COIN Contracting Guidance.

**E. AFGHANS BUILDING A BETTER AFGHANISTAN**

The Bagram Regional Contracting Center was the first contingency contracting office to conduct an extensive market research campaign. Known as the Afghans Building a Better Afghanistan initiative, the Bagram Regional Contingency Contracting Chief, Lieutenant Colonel Christopher Maine, envisioned a way to broaden the distribution of economic opportunity in the Eastern region around Bagram. He approved

a solicitation and contract award focused on identifying Afghan businesses within a 150 kilometer radius that produced or imported products for the Afghan market. Lieutenant Colonel Maine saw that implementation of the 886 Afghan First Policy would require a ground-up, rather than top-down application if it was going to be successful. Also rooted in local Afghan business, would be a catalog, which was the product and deliverable of that ABBA contract award. In the name of extensive market research, the Afghan company to which the contract was awarded executed its survey and was able to find and identify forty-seven (47) local Afghan businesses that either produced products in Afghanistan or imported and assembled products within the 150 kilometer radius form of a contract that would be awarded to a company for conducting a of found of the Bagram.

For the purpose of broadening the financial and economic base in the region around Bagram, the ABBA initiative, Afghans Building a Better Afghanistan, was instituted. Through a proposed solicitation clause, a copy of which is provided in Figure 7, numbered 952.211–0001, the Bagram Regional Contracting Center, sought wider implementation of the Afghan first 886 initiative. In its most refined form, 952.211–0001—an Afghan Manufacturing Requirement was forcing mechanism for larger Afghan-owned businesses to use local Afghan products (Department of the Army [DOA], 2010). The ABBA clause sought an alternative to time, schedule and performance by providing RCC contingency contracting officers the latitude to direct businesses competing for government contracts to use Afghan made products. Although it was approved in concept by the CENTCOM Contracting Commander, BG Camille Nichols, the ABBA clause would not be formally approved and adopted by the subsequent Commander, Admiral Nicolas Kalathas.

**952.211-0001 – Afghan Manufacturing Requirement (Sep 2010)**

(a) If an item required to produce the “end state” contemplated in this Solicitation is identified as “Afghan Manufactured” it shall be procured in support of the Solicitation’s objectives since it satisfies the Government’s needs. The Manufacturer, specifications, physical addresses, and functional, or performance characteristics that apply to the product are specified in the solicitation.

(b) To be considered for award, offers shall utilize the products listed in the Solicitation’s Catalog of Afghan Manufactures.

(c) The Contracting Officer will not evaluate “equal” products offered by an offeror or identified in the offer. The Contracting Officer is not responsible for locating or obtaining any information not identified in the offer.

(d) By signature (below) the offeror represents that it will solely utilize items identified in the “Catalog of Afghan Manufacturers” to perform work upon contract award.

Name	Signature	Date
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The offeror understands that this is a condition of evaluation and its offer will not be reviewed, evaluated, or considered, absent its representation that it will solely utilize the Afghan Manufactured products indicated in the catalog.

(End of provision)

Figure 7. Proposed Clause 952.211–0001—Afghan Manufacturing Requirement (Sep 2010) (from DOA, 2010)



## **F. AFGHAN MENTORSHIP PROGRAM**

AMP effectively and efficiently provides information to Afghan vendors so that they may compete for and win requirements contracts, while providing superior performance. AMP training sessions, as listed in Figure 8, include ethical behavior, fair market, solicitations, legitimate offers, commodities, services and construction (Department of the Army [DOA], 2011).



DEPARTMENT OF THE ARMY  
BAGRAM REGIONAL CONTRACTING CENTER  
BAGRAM AIRFIELD, AFGHANISTAN  
APO. AE 09354



RCC-BAF

24Feb2011

MEMORANDUM FOR RECORD

SUBJECT: COIN Afghan Mentorship Program FEB 2011

1. Purpose. The purpose of this memorandum for record is to establish a schedule for the purpose of executing the Afghan Mentorship Program with new vendors/contractors. The proposed scheduled training meets the COMISAF's Counterinsurgency (COIN) Contracting Guidance, signed by GEN David H. Petraeus 08SEP2010 and makes COIN contracting the Commander's business.
2. Procedure. Initially, RCC-BAF will invite three new vendors to participate in a bi-weekly training program aimed at teaching, coaching and mentoring Afghan vendors. Each flight chief will be responsible for providing a representative to execute a block of instruction in their respective area – Commodities, Construction, and Services. The concept is that the smaller the vendor group, the more interactive the instruction will be. The end result is that the vendors learn more and are capable of reading and understanding solicitations, submitting effective bids and winning contracts.
3. Execution. The RCC will host AMP bi-weekly in one of the two conference rooms. The three participants will be provided drinks and light snacks. We will provide instruction on how best to read and dissect a solicitation, prepare a price quote and the difference between a quote and vs. a bid. Each RCC section chief - Commodities, Construction, and Services, will be prepared to have a representative, material or both ready to assist in the instruction of the new vendors. Each will be prepared to discuss branch specific information in order to mentor our future vendors through the branch specific requirements, allowing for greater understanding of each of the different RCC sections. In turn, the new vendors will gain a greater knowledge of fair market value and the competitive contracting award process. At the end of the day, either each new vendor will leave with their first solicitation, in correspondence with the vendor pool dollar threshold or they will be invited back at a planned date to compete in a vendor tournament.

4. Timeline.

DATE	TIME	EVENT	LOCATION	SOLICITATIONS
28Feb11	1000hrs	Intro to AMP	RCC Conference Room	Comm. SRV & Con
	1030	Solicitations	RCC Conference Room	COIN Manager
	1100	Commodities	RCC Conference Room	Commodities
	1130	Services	RCC Conference Room	Services
	1200	Construction	RCC Conference Room	Construction
	1230	Lunch	RCC Conference Room	All
	1330	Bid Process	RCC Conference Room	COIN Manager
	1430	Contract Award/Debrief	RCC Conference Room	COIN Manager
	1500	Conclusion	RCC Conference Room	Lt Col Mazul
08Mar11	1030hrs	Vendor Tournament	RCC Conference Room	Comm, SRV & Con

Figure 8. Initial Authorization and Schedule of Afghan Mentorship Program at Bagram Regional Contracting Center (from DOA, 2011)

## **G. VENDOR TOURNAMENTS**

Vendor tournaments increase the available vendor base supporting BRCC with competent contractors and, in so doing, provide greater opportunities for Afghan companies.

Goal: To increase the available vendor base supporting BRCC with competent contractors and in doing so, provide greater opportunities for Afghan companies.

Background: Bagram RCC's vendor database consists of approximately 120 contractors, of which 20 have active Blanket Purchase Agreements. BPAs cover the majority of commodities ordered, including the most frequent, such as phone cards and printer cartridges.

Premise: Communication, competition and opportunities used together will create more competent vendors, spread wealth and provide better service to BRCC.

### **Process:**

1. Create Access based tool to track new vendors, and competitive wins—Done
2. Design competition bracket, pools and rules for tournament—Done
3. Validate new vendors, JCCS, SPOT—Ongoing
4. Implement—First VT done 10 Sept 2010
5. Monitor, report

### **Rules:**

1. Contractor must be registered and in good or neutral standing
2. Requests for Quotes will be categorized into four pools;
  - a. Pool I: \$1–\$25,000—General
  - b. Pool II: \$25,001–\$50,000
  - c. Pool III: \$50,001–\$100,000
  - d. Pool IV: >\$100,000
3. KO will invite 3+ vendors to bid (minimum 3) from general contractor population, which can be seen in Figure 9, the winner earns the award and upon satisfactory performance may enter and advance to next higher pool. Update Vendor Tournament database (BRCC COIN Contracting Brief, 2011).

4. Losing contractors from competition will be debriefed on “why” they lost. Price, not compliant, late, etc. Vendor Tournament database updated with reason for loss and the loss will be annotated.
5. Each contractor will be allowed 3 opportunities to compete and win an award. Upon 3 losses, contractor will be categorized non-competitive and ineligible for future Vendor Tournament competitions, unless General Pool is exhausted.
6. As Vendor Tournament progresses, Pools II–IV, as denoted by Figure 10, will become populated with winning, competitive contractors. In order to advance to the next Pool, a win must be secured in the current pool. Three losses in a Pool (II–IV) will result in a demotion to the next lower pool (BRCC COIN Contracting Brief, 2011).
7. Once a contractor has successfully reached Pool IV, he has demonstrated competitiveness, and the ability to meet the Governments needs on a recurring basis; these contractors are “top tier” and will be eligible for future BPA’s and more demanding contracts.
8. Program will grow and adapt as we become more experienced, flexibility is key.

Vendor Tier Pools:

Tier I: Contracts under \$25K—Four awards in the last 60 days

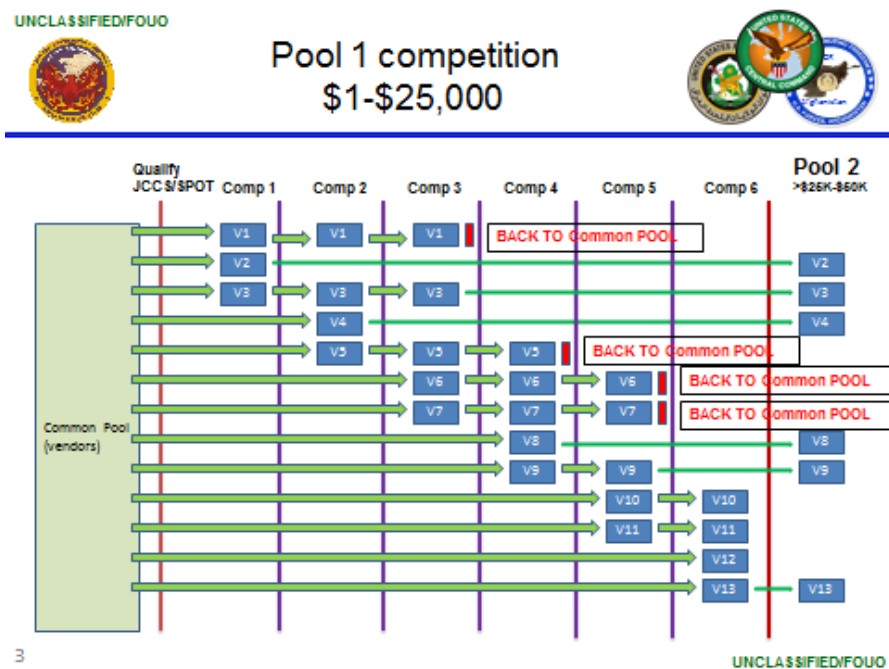


Figure 9. Tier I Vendor Competition Pool < \$25K  
(from BRCC COIN Contracting Brief, 2011)

Tier II: Contracts between \$25K–\$50K

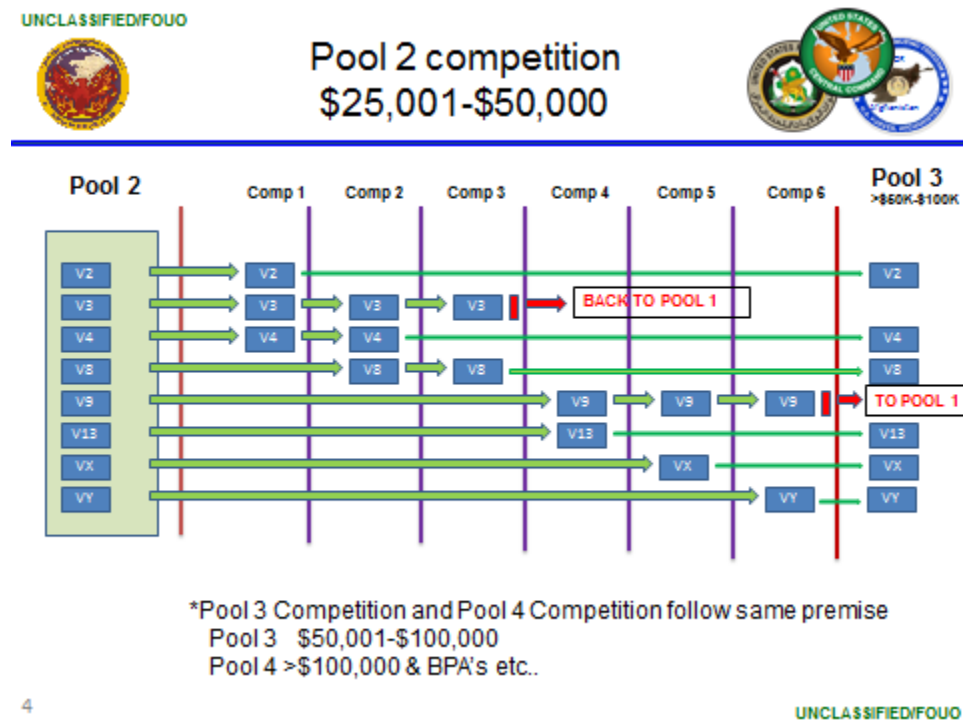


Figure 10. Tier II Vendor Competition Pool \$25–50K  
(from BRCC COIN Contracting Brief, 2011)

Tier III and IV Vendor Competition Pools follow the same concept.

Tier III \$50K–\$100K

Tier IV >\$100K

A total of 84 new Afghan business participated in the AMP training proram. Of those that completed the training, 27 successfully submitted proposals that resulted in the award of contracts that allowed them to continue to advace through the vendor tournament competition pools. The proof of concept for this initiative was achieved with the successful advancement of three vendors through all four tiers and each receiving contracts awarded in excess of \$250K.

During the vendor tournament competition process, 24 Afghan woman-owned businesses, pictured in Figure 11, were also trained by Major Walter Dunn through the

AMP program and a Shura or day inviting Bagram's women-owned business owners held on July 7, 2011 (BRCC COIN Contracting Brief, 2011). The BRCC Chief, LtCol Greg Mazul, U.S. Air Force, was the presiding guest speaker. LtCol Mazul is now retired and a professor of Contract Management for Defense Acquisition University, Capital Northeast Region.



Figure 11. Bagram Air Field Afghan Women-owned Business Shura Held July 7, 2011

## **H. JOINT VENTURE AND PARTNERING PROGRAM**

Goal: Utilize DFARS 225–7700 Section 886 to the maximum extent possible, and if necessary through the use of Joint Venture agreements, bring the required level of expertise. This will enable technical migration to Afghan firms, encouraging economic development.

Examine each requirement, specifically services and construction and gauge expertise available through the Afghan marketplace. This can be done through coordination with Peace Dividend Trust, local chamber of commerce or utilizing existing vendor database and contacts.

If Afghan companies can be identified with the potential to perform, but lack technical expertise, KO can engage and mentor those companies on the technique of Joint Venture.

Outcome: Technical competency of Afghan companies

Progress to date: Awarded \$50M concrete pad MAC to two Afghan Joint Ventures (AJVs)

Award Pending for Theater Wells, one AJV, two Afghan companies

Acquisition Strategy for Concrete B-Huts, mentoring in progress—Possible AJV

## **I. CRAFTSMAN PROGRAM**

The final initiative, pictured in Figure 12, is the Craftsman Program which developed as a solution to reduce our dependence on the Logistics Civil Augmentation Program (BRCC COIN Contracting Brief, 2011). LOGCAP is a U.S. Army peacetime initiative used to plan for the incorporation of civilian contractors in wartime and other contingency operations (Lucius & Riley, 2011).



## CRAFTSMAN PROGRAM



**Goal:** Develop Afghan contractor base trained and certified in accordance with NEC 2008 and European Safety Standards and serve as a cost effective option to expensive Prime Contractors

**Concept :** Prime vendors , certified skilled craftsmen, engineers, and specialists, are encouraged to hire Afghan tradesmen apprentices, teach and mentor small businesses and develop sub Contractors as a viable economic alternative to TCN labor

**Action:** Certified, sub-contractors hired an COIN-centric cost-efficient labor force for electrical, plumbing, construction and other trades usually awarded to costly non-Afghan International firms.



Figure 12. Craftsman Initiative–AMP Training Presentation  
(from BRCC COIN Contracting Brief, 2011)

Army Materiel Command serves as the program manager for LOGCAP logistic contract support and in Afghanistan the program included support for 59 forward operating bases (FOBs) with a combined supported population of over 70,000 military service members, coalition forces, and Department of Defense civilians and contractors, all geographically dispersed throughout the country. Although these are pre-surge figures, it is estimated that at the peak of the surge, there were more than 140,000 persons receiving support under LOGCAP. On a monthly basis, just in the northern half of Afghanistan, LOGCAP provided operations and maintenance support to over 1,500 non-tactical vehicles, 1,800 generators, 7,500 facilities, processing more than 150,000 bags of laundry, using over 42 million gallons of water, 19 million gallons of fuel and providing over 4 million meals at 40 dining facilities. We were completely dependent on LOGCAP (Lucius & Riley, 2011).



In an effort to reduce the amount that was spent on these types of cost contracts, an initiative to develop mentor-protégé relationships was undertaken. With the LOGCAP III and IV program, we began paying prime LOGCAP vendors to run training skills programs for small companies in order to establish longer-term partnerships, develop businesses that could perform at a reasonable cost, and eventually transition those support functions from the prime to the capable subcontractors. It was KBR in Iraq, and DynCorps and eventually Fluor in Afghanistan. There was some transitioning of basic LOGCAP functions in 2010–2011 (Barkley, 2011). But according to one senior contracting official, the concept to “use LOGCAP to get off of LOGCAP” never fully materialized (personal communication with former CENTCOM Contracting Commander, October 2013). Going on to say “at the time that I left—we just didn’t get that matured very far, it was very, very difficult to modify” and “because it was a cost contract, we were obviously paying their costs.”

Within the Regional Command–East located at Bagram Airbase, the COIN contracting officer developed an initiative that leveraged the existing relationship of the LOGCAP IV contractor, Fluor and the Korean Vocational Training Center (KVTC). Established by the Korean International Cooperation Agency at Bagram Air Base, Fluor had partnered with the KOICA. At no additional cost to Fluor it provided tools and resources to KVTC, assisting with 800 hour training courses in five skill areas. In return, the KVTC provided relatively qualified students from the local area as a renewed labor force for Fluor. The cost of tools and materials would be passed onto the government under the LOGCAP contract. The Craftsman Program was introduced as a vendor development program and missing alternative that married successful KVTC participants with economic opportunities to establish and development new Afghan-owned businesses. The BRCC COIN officer began working with the director and staff of KVTC. Their mission was to provide new skills and techniques for the young generation in Parwan and Kapisa provinces by focusing training in five key areas: electrical installation, welding, automotive repair, CAD/computer science and the constructions trades.

As the KVTC training center focused its educational investment on 80–120 trainees per class, like the ones below in Figure 13, the COIN contracting officer worked with USAID, DOS and other NGOs to assist new graduates with microgrants and capital to start businesses in any of the five key areas (BRCC COIN Contracting Brief, 2011). Thus providing young Afghan entrepreneurs with an opportunity to contribute to the stability of the local economy, expand the local vendor base and in theory, drive down cost by increasing competition.



Figure 13. Korean Vocational Training Center and COIN Contracting Presentation (from BRCC COIN Contracting Brief, 2011)

By developing training and certifications programs in automotive repair, welding, computer science, electrical and the construction trades, KVTC was at the forefront of evolving Afghanistan's best future talent. In conjunction with the assistance of the KVTC director and staff, the intent of the Craftsman Program (CP) would be to identify new

vocational graduates and guide them through the possibility of starting their own Afghan businesses. Those with a strong entrepreneurial spirit and aspirations of taking on the challenge of rebuilding their country would receive an excellent opportunity to benefit from the first four AMP initiatives. As an addition to AMP, CP was introduced as means to grow the local vendor base.

Focused on providing a trained and skillful new generation of Afghan trades men, KVTC had been extremely successful in helping to develop new employees for prime LOGCAP contractors. With CP it appeared that there was a possibility to leverage Fluor, DynCorps, Sodexo and other international subprime vendors to reduce ISAF and NATO dependence on LOGCAP. Establishment of these new Afghan businesses would be vital to meeting the increased ISAF-NATO surge demands. More importantly, this mentor-protégé initiative would be essential for the future of ANA and ANP operational requirements, as the possibility of establishing long-term financially viable opportunities could, provide stability for the Afghan economy through enduring local business opportunities.

The immediate impact of eight new businesses that had successfully completed all five initiatives was apparent, if not for a moment. These young idealistic entrepreneurs entered the local vendor base, expanding local competition pool and increasing supplies for basic commodities. The increased supply did cause a momentary fluctuation in the cost of goods and services around the Bagram area, which drove down factors of constraint. This can be attributed to the deflation of some, but not all, local prices of supply. However, based on the emphases of contracting integration cells and the directional support of the new SCO-A, the overall success of the tradesman program and AMP as an effective Mentor-Protégé Program would go unrealized. As a test case, AMP provided immediate success and a host of untapped potential regarding the development and successful execute of Afghan businesses. Time, talent and maturation of these tradesmen and craftsman would help assist in the development of a Mentor-Protégé Program that could of future benefit in Afghanistan and other unforeseen contingency operations.

Through mentor-protégé partnering programs and joint ventures between large and small Afghan companies, international third nation businesses, agency and non-governmental organizations like the DOS, USAID, Afghan First and Peace Dividend Trust are provided an opportunity to provide micro loans assistance. The Craftsmen program was also intended to assist combatant commanders with CERP Projects in the form of basic construction for schools, Afghan National Army and police bases, medical clinics/hospitals and water wells. Joint venture programs of the past have successfully teamed small Afghan businesses with larger mentors to produce boots in a new shoe factory, uniforms for the ANP and furniture, such as mattresses for the ANA (Rhyne, 2011 & Butler, 2012).

## **J. CONCLUSION ON AMP**

The Afghan Mentorship Program was a partial success. As a pilot program it did accomplish the COMISAF COIN Contracting Guidance by focusing on effects-based contracting. It was responsive to the needs of RC-East operational contracting support. In the areas of contractor payment and fiscal accountability, AMP was unable to achieve the objective of financial transparency. The AMP program was unable to accomplish this because of three inhibitors: time, personnel and regional limitations of program.

The length of time that AMP operated was definitely a factor in its limited success. For six months, from mid-January 2011 until August 2011, new Afghan businesses were taught, coached and mentored through the process of doing business with the U.S. government. In a seven-month period, AMP was able to effectively train 84 vendors Afghan vendors, 24 of which were women-owned. Three were able to successfully graduate through the vendor tournament pools at each threshold and be determined as fully qualified for awards of contracts above \$100K. Each of these graduates had established, tracked and evaluated successful past performance. The conclusion is that given more time, AMP would have continued to produce responsive, best qualified vendors for performance of government contracts and excellent protégé and future mentor businesses in Afghanistan.

Operated by one U.S. Army major, with the assistance of four commodities, two service contracting officers, and two Afghan local hires as translators, AMP was resource constrained. All aspects of AMP were voluntary, to include contracting officer participation. There was no formal guidance or policy from CENTCOM Contracting Command mandating contract solicitation identification for potential AMP participants. Submission of proposals from AMP tournament participants were frequently in Dari or Pashto and required tedious translation. Absent an operational budget, pooling instructional materials, solicitations and communications, resources consumed a considerable amount of time.

The AMP program was operated out of the Bagram Regional Contracting Center at Bagram Air Base, Afghanistan. Having been a former Soviet airfield, the village of Bagram had an existing vendor market, which now catered to the U.S. and defense contractor population. This was beneficial to establishing vendor classifications by type and size. Their dependence on non-Afghan revenue was an inhibitor in that it was difficult to find goods that met the 886 Policy classification. With the focus being to prepare future Afghan business owners to transition to a majority Afghan-based economy, they would have to focus on Afghan-centric demand for goods and services. Economically, the local Afghan market around Bagram could support local vendors, but not in regions beyond 150 kilometers. Therefore, the AMP model was not readily exportable to other regional contracting offices for implementation. Given enough time to work through localized and regional economic/business councils, a solution may have been found.

## **K. EVALUATION CRITERIA**

The purpose of this comparative analysis of Mentor-Protégé Programs and the Afghan Mentorship Program, the results of which can be seen in Figure 14, is to determine the best practices of existing business development models for future applications. One thing to consider is that all MPPs compared are aligned under the FAR part 15 and SBA rules for 8(a) businesses CONUS. The assessment of AMP is in a contingency environment and not subject to the same scrutiny as the MPPs. Having

identified this, establishment of evaluation criteria, as seen in Figure 17, have been applied in both cases to yield best practices, which may be applicable to future expeditionary and operational contingency contracting support.

This comparative analysis is not an attempt to establish a one-size-fits-all model for MPPs. In the interest time and the necessity of future exploration, the task of integrating contracting as a COIN function and the complexity of expeditionary and contingency contracting planning and execution will be minimal. However, by critiquing the advantages and disadvantages of MPPs compared to AMP, a greater understanding of existing best practices have identified a methodology for future study of small business endeavors, the benefits of like MPPs, not previously identified and a way to establish greater fiscal accountability and business transparency as identified as needed by the reports referenced within this paper. While no tool is perfect, AMP was program that helped to expand local vendor markets, reduced barriers to entry, provided vendor oversight through mentor-protégé and joint venture partnerships, and increased the number and dollar value of contracts awarded at BRCC.

The advantages and disadvantages identified in this section were derived from the literature review, interviews and comparative analysis of each of the Mentor-Protégé Programs studied. Many of these criteria deemed advantages and disadvantages come directly from agency MPP handbooks, manuals, joint publications, DA pamphlets, GAO and CRS reports. A list of the aforementioned documents has been referenced in this thesis.

## COMPARATIVE ANALYSIS OF MPPs VS AMP

Evaluation Criteria	MPPs		AMP		Best Practice
	Advantage	Disadvantage	Advantage	Disadvantage	
Participants' Initial Registration for U.S. Gov't Contracts *	Protégés are generally SBA certified/qualified participants in the 8(a) program or other socioeconomic categories (with some exceptions); SBA.gov exclusion check; PTAC assistance	CCR/SAM.gov Self Registration; bureaucratic burden; vendor vetting for enemy ties limited prior to contract award; primarily designed for mature procurement environment	Suitable for immature contracting environments; Section 886 qualified as Afghan owned business, JCCS vetting; Register w/ local gov't and/or NGOs such as Peace Dividend Trust.	Limited past performance or ownership data; NGO registration provide insufficient information	AMP
MPP Selection & Approval Authority *	AA of SBA GCBD or MILDEP/DoD SBP retain selection authority; Volunteer program	For other Agencies - Mentor & Protégé select	Selection Authority retained at Program Manager/KO level	SCD-A decentralized execution	AMP
Fraud & Corruption Safeguards	Semi-annual and Annual performance reviews by SBA/OSBP, Bonds - Bid, Performance and Payment; CDRs & Certifying Authority	None - Government best practices	Program participation requirement - Access to all financial accounts; Intelligence value & fiscal accountability	No Bond requirements; Limited performance review; Limited experience of COR and certifying officials (CO).	MPPs
Management of Protégé(s) *	Mentors use established management practices	No Government established management training (Section 7(j) program limited to 8(a) firms)	KO's Government established training program	Limited management capability & experience of military personnel	MPPs
Protégé Accounting System	Mentor established accounting program to assist protégé	Limited Government affiliated accounting training programs (PTAC seminars, SBDCs, 7(j))	KO's government established training program	Limited or Non-existent Accounting Methodology	MPPs
Mentor Incentives for Investment in Protégé	Partial ownership, SBA 40%, Cost reimbursement credit=\$1M	Limited mentor financial investment	Unrestricted mentor financing; 49% ownership investment	Risk transferred to Mentor; No cost or credit reimbursement; Could discourage program participation	MPPs
Joint Venture/Partnering	SBA allows benefit mentors; Mentor ownership investment- SBA 40%; DOD 10%; DOS, USAID, DHS not allowed	Most agency MPP programs do not allow ownership investment	PM & KO directed mentor partnering for Section 886 purposes; Up to 49% ownership investment for mentor	No formal set-aside eligibility; Participation incentives reduced	AMP
# of Mentors to Protégé *	DOD allowance is 1; SBA allows Protégé to have < 2 Mentors; DOS, USAID, DHS unrestricted	Inconsistent standard practices across Government	Protégé allowed to have one Mentor; standardized practice. Greatest mentor-protégé interaction	Protégé is dependent on one mentor	AMP
# of Protégés to Mentor	SBA - Mentor allowed one Protégé; DOD, DOS, USAID & DHS allow multiple Protégés	Inconsistent standard practices across Government	Mentor allowed to have one Protégé; Best mentorship relationship	Mentor has lower income potential	AMP
Performance Evaluations	Semi-annually and annually reviewed; Past performance evaluations in gov't data bases (PPRS)	DoD requirement; PM, KO & COR certification	No annual review. Low dollar threshold not tracked	Past Performance Evaluations not Updated or Available in JCCS	MPPs
Mentor's Payments to Protégé	Advanced; Progress; Partial payments	Limited oversight of payment problems under the delayed payment legislation, Section 1334 of SB Jobs Act 2010; Lack of forensic accounting	Progress; Forensic accounting	Lack of oversight; Accountability of Subcontractor payments	AMP
Involuntary Termination	AA/Directors' decision is final	Potential litigation	PM & KO termination authority, limited litigation potential due to "No Contracting with the Enemy" legislation, FY12 NDAA Section 941	PM & KO decision not final, Terminations may be appealed subject to SCD-A approval	AMP
Policies & Best Practices	5 Advantages	7 Disadvantages	7 Advantages	5 Disadvantages	7-AMP/5 - MPP

**\* Vendor Registration:**

- Certification Factors like Local ownership, Business Size & Status, Type of Business, Income
- Limited vendor vetting capability
- Synchronized Predeployment Operational Tracker (SPOT) for Foreign Mentors & Local Business Registration

**\* Fraud - Two types:**

- False Certification of Performance
- False Certification of Eligibility/Size or Status

**\* Management:**

- Small Business Teaming Pilot Program

Website - <http://www.sba.gov/about-sba/iba/initiatives/small-business-teaming-pilot-program/about-the-small-business-teaming-pilot-program>

**\* # of Mentors to Protégé:**

From GAO-11-548R Federal Mentor-Protégé Programs, Pg. 31 (Slide 19)

Figure 14. MPPs versus AMP Comparative Analysis

## **1. Evaluation Criteria**

- Vendor registration through Central Contractor Registration (CCR) and JCCS
- MPP Selection Authority, either agency appointed or KO
- Fraud and corruption safeguards facilitate fiscal transparency
- Management of both supply and personnel
- Accounting practices
- Incentives for investment from mentor in protégé firms
- Affiliation of joint ventures/partnering
- Number of mentors to protégé limitations
- Number of protégés to mentor limitations
- Performance evaluations
- Payment, advanced or progress
- Termination authority
- Policy and best practices

## **2. Agency Mentor-Protégé Programs**

### ***a. Advantages***

SBA compliant MPPs provide established business practices to new and disadvantaged small businesses. Those business practices embody sound elements of a mature management function. Responsive accounting oversight by the mentor imparts practiced fiscal accountability by the protégé.

Cost reimbursement up to 1 million dollars, protégé subcontractor credit and protégé investment and partial ownership provide adequate mentor financial motivation for stateside programs. A modest investment in a young 8(a) protégé business by a mentor's could yield a 10–40% stake in future multinational business. This also gains the mentor access to small business set-aside awards and graduated participation as the protégé grows.

Certain MPPs offer allow for multiple protégés and multiple mentor relationships to develop in order to facilitate development of protégé knowledge, best practices and



achieve the possible performance prior to the MPP performance review. Many of which are annual for contracts that have little to no dollar limitations. This makes MPP contract award oversight difficult, but manageable. Many of the disadvantages are manageable as well.

Protégés are generally SBA certified and fully qualified to register as participants in the 8(a) Program or other socioeconomic categories (with some exceptions). The System for Award Management (SAM) serves as a registration one-stop shop for official U.S. government systems and consolidates the capabilities of other agencies like CCR/FedReg, Online Representations and Certifications Application (ORCA), and Excluded Parties List System (EPLS). It does not however, act as a check and validation tool for exclusion; the Procurement Technical Assistance Center (PTAC) does provide assistance.

For SBA MPPs, the approval is retained with the Government Contracting Business Development program manager and at the DoD, the Military Department (MILDEP) retains this selection authority. MPP is a volunteer program in all five agencies.

To safeguard requiring activities and taxpayers from fraudulent contractors, each of the five agencies have some form of semiannual and annual performance reviews. These reviews meet SBA and OSBP standards. In many cases of construction and delivery of high dollar goods and services, agencies require contract bidders to put up bonds, such as bid bonds, performance bonds or payment bonds to secure a part of the value of the contract about to be entered into with the government. Contracting officer representatives and those with certifying authority can also assist with fraud prevention.

Mentors using an established management practice that emphasizes good business practices and develops leadership skills for its employees will likely impart these practices on a protégé company. The same would apply for mentors with robust accounting programs. Their assistance to protégés in the area of accounting can help to establish best industry practices for a protégé lacking accounting skills. A significant incentive for a mentor to invest in a protégé is partial ownership of a promising protégé

business. SBA allows mentors to invest for partial ownership up to 40% of a protégé business. The DoD only allows for 10% ownership. The remaining three agencies do not participate in this practice. Another incentive is cost reimbursement credit for mentors investing up to \$1 million in a protégé. Because of the MPP relationship, mentors may also benefit from the 886 set-aside policy; under the SBA, MPP mentors may own up to 40% of a protégé firm as an investment. The DOS, USAID and DHS do not allow mentor ownership investment in protégés.

The SBA allows protégés to have up to two mentors to balance capabilities deficits. The DoD has an allowance of one mentor per protégé. The DOS, USAID and DHS are relatively unrestricted in this practice. For mentors, the SBA only allows one protégé per mentor. Yet the DoD, DOS, USAID and DHS have no restrictions on how many protégés mentors may have.

The process of reviewing the MPP agreements is a semiannual and annual appraisal intended to provide oversight on the performance of government contracts and identify marked past performance improvements and degraded performance in evaluations, which are entered and stored in the government database Past Performance Information Retrieval System (PPIRS). As contract awardees perform as prime or subcontractor, mentors and protégés can be paid in the form of advanced payment when a small business does not retain the capital for required labor or supplies on a contract. Sometimes the payments are made for skilled personnel or special materials. In these cases progress and partial payments are sometimes made available. If a mentor or protégé fails to uphold the terms of the agreement, it can be terminated by the program director or approval authority, whomever has the final approval.

***b. Disadvantages***

There are similar characteristics that make MPPs beneficial for stateside contract award, but inhibit their transportability. Some SDBs, of which several categories of disadvantaged business, have limited function in terms of special needs employment credit. They are not functional OCONUS. Although the Trading with the Enemies Act, Public Law No. 65–91 and DFARS Annex I–Policy and Procedures for DoD pilot MPPs

attempt to protect American businesses, these policies and guides are only enforceable in an expeditionary, CONUS capacity where a vendor base is mature.

CONUS based contracting support is operational and sustainment oriented, thus requiring extensive acquisition lead times, which in turn, reduce their flexibility. Coupled with formal termination protest and appeal procedures, the prospect of terminating a MPP becomes time and cost intensive. Without adequate subcontractor data and plans, it becomes difficult to determine fiscal transparency. There is limited contractor vetting and validation when vendors are allowed to self-register as with CCR.

These MPP elements, identified for the purpose of research and discourse, are stark advantages and disadvantages exposed through literature review and interviews. Further research of AMP will be necessary continue this comparative analysis.

A disadvantage of the MPP registration process is the self-registration aspect of CCR/SAM. There is no bureaucratic burden that checks the process of vendor vetting. Without some form of vetting there is no way of knowing if a contract has been awarded to a contractor with enemy ties. This tool is primarily designed for a mature procurement environment, but does not facilitate transparency and vendor accountability in the contingent environment.

For agencies like the DOS, USAID and DHS there is no selection or approval authority overseeing the mentor-protégé selection process. The task of countering fraud and corruption is a reactionary effort. A contractor caught engaging in corruption or defrauding the government has typically committed this type of criminal activity to the extent that the action had become egregious or offensive. There are government agencies that specialize in fraud investigation, which interdict or deter these types of activities. But the process of fraud and corruption detection is typically a none-governmental best practice.

Another disadvantage of the MPPs is that there are little to no government resources dedicated to management training programs for small businesses (Section 7(j) programs limited to 8(a) firms). Although some agencies offer limited mentor financial

investment credit, most agency MPP programs do not allow partial ownership investment. These actually provide a disincentive to invest in protégés.

Standard practices across government remain inconsistent with regard to inconsistent mentor to protégé ratios. Those protégés involved in MPP programs with no regulation have a marked advantage over those working with the DoD and SBA. A similar lack of standard best practices exists for mentors having multiple protégés. Only the SBA restricts mentors to one protégé. For mentors that choose to partner outside of the SBA, standard practices across the government are good.

As far as annual and semiannual evaluation reports, it is a DoD requirement and the program manager (PM), KO and COR must certify the report. Limited oversight of payment problems under the delayed payment legislation, Section 1334 of the Small Business Jobs Act of 2010 consistently creates financial challenges that affect the contractor's ability to perform. This is when the lack of forensic accounting is most apparent. Without payment, small businesses are forced into a serious situation that could bring legal action. In a MPP situation, if the protégé defaults on a contracted obligation, it could adversely impact the mentor. Termination for default often brings litigation.

### **3. Afghan Mentorship Program**

#### ***a. Advantages***

Starting with its transportability, AMP is an OCONUS MPP model that could not be readily duplicated, as indicated by several interview quotes. The process of training new small Afghan vendors and instilling best management and accounting practices had to be trusted to established mentors. The process of continued coach fell back on the AMP program manager and Afghan business assistants.

Vendor tournaments, the 886 Policy, and the Afghan First Policy ensured that adequate competition and contracts for operations needs were awarded among the local Afghan companies. Joint Venturing through AMP ensure that prime Afghan vendors had access to potential subcontractors and those subcontractors would be paid. Mentor firms were encouraged to invest without limit in protégés with agreement from the protégé that access to financial accounts for forensics accountability would yield greater intelligence

value and confidence in their ability to perform. In reality, unrestricted access to AMP trained vendors provided RC-East G2 and G8 Cells unrestricted fiscal accountability.

Trust in mentor-protégé performance was important; however, the full termination authority by the program manager mitigate risk and scoped financial losses from potential contract defaults to less than \$25K per contract, based on the vendor pool thresholds. The craftsman initiative gave the AMP program a renewed source of entrepreneurial talent as the process of developing new sources of business intelligence beamed. Although the Craftsman initiative was short-lived, after JCCS vendor vetting, twenty-four Afghan female business owners were able to receive AMP training, of which four competed and won procurement contracts from BRCC.

The AMP program was celebrated as a success and that success has been documented. But every story has two sides.

***b. Disadvantages***

One of the disadvantages of AMP was that it have a limited SB development function. This was one successful contingency contracting MPP administered out of the second largest regional contracting centers in Afghanistan. It had a creative and experienced acquisition team of professionals participating in the program and a dedicated program manager pushing the COIN guidance agenda. The program also had the support of the CENTCOM Contracting Commander and SCO-A.

Mentors did not receive financial reimbursement, credit or incentives other than their negotiated MPP arrangement made with their protégés. Protégés were relegated to subcontractor status and unable to receive adequate past performance evaluations for work complete. CORs overloaded with requirements credited successful past performance evaluation to primes and validated invoices, many times, without inspection. All issues denoted in the 2013 SIGAR report.

Invoices paid by electronic funds transfer were submitted multiple times, requiring constant oversight and financial screening and reconciliation. In an expeditionary environment where time is a luxury and with limited personnel, this type of

fiscal accounting bogged down the AMP. The addition of a CRA and no progress payments for partial performance relegated the program manager to payment processing oversight.

Centralized policy and decentralized execution allowed an opportunity for the creation of AMP. A lack of organizational planning created a void in policy, which resulted in the creation of AMP as a MPP model for contingency contracting. Only by chronicling this new practice, encouraging institutional knowledge and compiling historical data will AMP be considered as an exportable model for future COIN operations.

## **VI. SUMMARY, CONCLUSION, AND RECOMMENDATION**

### **A. SUMMARY**

- What did we find in the Literature Review?

Based on the literature review and the limited resources available on COIN contracting prior to 2013, we can deduce that knowledge of how to implement effects-based contracting into operational planning was restricted to pockets seasoned acquisition professionals. Furthermore, that the exiting guidance and policies on the intended use of CERP and application of MAAWS in Afghanistan was underdeveloped and inconsistent with the intent of *JP 4-24, Counterinsurgency*. Additionally, for the purpose of contracting for effects, was greatly underdeveloped.

- What are the results of the Comparative Analysis?

During the comparative analysis of CONUS versus OCONUS Mentor-Protégé Programs like AMP, it can be determined that to this point limited study and analysis has been conducted on the subject of contingency contracting. For the purpose of this thesis, only five CONUS MPPs were identified. Based on the lack of resource material covering Mentor-Protégé Programs used in expeditionary, contingency and humanitarian relief operations, these CONUS MPPs must be rendered as models of to find beneficial traits that will be useful in future crises OCONUS. An acknowledgement that types of successful SBA programs have been used OCONUS. Germany, Japan and Korea are three countries that were alluded to as having MPP or similar small business program. However, the description, nature of the programs and extent of their success were not available for analysis during this report.

For operational support CONUS, there appear to be no less than fourteen governmental agencies utilizing Mentor-Protégé Programs similar SBA to assist small business and diversify the U.S. acquisition vendor base. These CONUS MPPs need to have one set of standards that meet government best practices for continued success. This would require establishment of one overarching agency to scrutinize all agency MPPS, analyzes self-registration practices and standardizes vendor vetting prior to contract award. By determining equitable levels of mentor ownership investment in protégé firms,

this overarching agency could incentivize joint partnering programs and encourage equal distribution of investment benefits across like industries. Prompt payment processes and termination authority for CONUS MPPs must be timely to ensure support for the continued success of mentor-protégé relationships.

Mentor-protégé programs, according to several senior contracting professionals interviewed, are purported to be highly regionalized and subject to host nation local business laws and customs. According to their experience, this has made collecting business assistance and development program data inconclusive and resource intensive. The result has been establishment of positions for local nationals whom act as local business advisors to U.S. acquisition professionals and local business professionals. The process of mentoring both is more of counselor and less as Mentor-Protégé Program manager.

In Afghanistan, the implementation of local Afghan business advisors came into practice during the 2010 the troop surge. As the COMISAF COIN Contracting Guidance and effects-based contracting took center stage amid corruption and allegations that contractors were funding insurgents, centralized guidance with decentralized execution created collateral positions with the regional contracting centers across Afghanistan. The COIN contracting officer and Mentor-Protégé Programs absorbed the Afghan business advisor position. Contracting reform and successive commands deemed the Afghan business advisor a liability, as collusion and corruption between advisor and contractor, resulting in rebranding their function. Previously under AMP, the business advisor was only a gatekeeper and greeter for the RCC. The position was a local face, training and translating training for the Mentor-Protégé Program manager, the COIN contracting officer.

The contracting “Integration Cell,” like the one mentioned in BG Blake’s, *Putting contracting on the offensive in Afghanistan*, became the new normal. Manpower intensive, the integration cell, integrated requirements stakeholder, the program manager, local business advisors, contracting officers and contractors in a layered variation of the Afghan Mentorship Program. Various RCCs had attempted to develop mentor-protégé COIN contracting structures, but few were able to “get after operational” contracting



support. The COIN contracting officer position was retitled as the integration cell program manager, and re-dedicating the Afghan business advisors, standing up the integration cell concept would prove to be a difficult but worthwhile task. One unexpected issue was that ABAs were provided liberal interaction with vendors, external to the RCC, creating autonomy to negotiate with Afghan businesses, engaging in bribery and other corrupt activity.

- What is the Conclusion of the Interviews?

A series of conclusions can be drawn from the interviews conducted with the six senior acquisition professionals. Having commanded both in peacetime and combat, each interviewee provided a wealth of professional knowledge. Regardless of the timeframe and experience, all concluded that wartime contracting is exponentially more difficult than contracting in peacetime or for humanitarian operations. Whether at brigade, division or theater combatant command levels, each attempted to assess the overall experience levels within their organization, provide guidance that supported the warfighters contracting support needs and issue contingency contracting policy that met the intent of federal acquisitions regulations.

## **B. CONCLUSION**

In this section, I will conclude my research by referring back to the research questions stated in Chapter II. I assessed the following primary research questions:

- What should be the place of mentor-protégé models in COIN contracting doctrine?

Based on my interviews with some of the most senior leadership in contracting, I was able to identify the mentor-protégé models and the utilization of small business programs is an essential part of building oversight for the establishment of contract accountability. This in turn facilitates economic stability during the building of key infrastructure and establishment of initial security capacity. Several lessons learned from the interviewees indicate that contracting must remain an element of COIN operations and the use of MPPs must be a part of contingency contract policy and organizational training to address the complex needs of future operational support. Addressing these lessons learned better facilitates counterinsurgency contracting and is the bridge to

increased reliance on expeditionary and contingency contracting in either CONUS or deployed OCONUS environments.

Through the comparative analysis of five Mentor-Protégé Programs, I was able to assess the secondary research question:

- What are the forms of Mentor-Protégé Programs that exist and list the incentives for small and large businesses to participate in such a program?

The complexity of acquisition support for enduring military operations is a labyrinth to which there is an inevitable end. To spite the similarities between disaster and emergency relief contracting and expeditionary, wartime contingency contracting, there is no single contracting model, policy or tool that exists as a cure-all. The challenges of a Mentor-Protégé Program in war are similar to those in peace. Where so many key determining factors are driven by cost, schedule and performance, the acquisition professional is challenged to look beyond these three for a methodology to provide for the economic stability of a region, help build the capacity of local vendors and provide a secure means of purchasing and acquisitions for supported forces.

In terms of due diligence, contract solicitation, award and performance, visa vie delivery, there is no difference between sustainment contracting performed stateside and contingency contracting executed in an expeditionary environment. The acquisition professional, at every level is charged with the legal, moral and ethical obligation of taxpayer dollars. It is the contracting officer's responsibility to act in best interest of the government. Ultimately, in the case of organizational knowledge, command policy and oversight, as indicated in Iraq, failure at any level compounds fiscal responsibility.

Incentives for small and large businesses to participate in Mentor-Protégé Programs include management and accounting oversight, development of better business practices, cost reimbursements for mentor capital investments and preferential contract awards for hiring team partners. Expanded networking capabilities for the protégé help to expand the mentor-protégé revenue streams and expand the potential of future profits. A partnership between mentor-protégés firms can be extremely beneficial.

Reflected in a conversation with a retired contracting official, the common misconception within CENTCOM contracting was that “we believe that by putting the

right people in the right places” we would be able to accomplish our contracting support mission, negating the excessive workload and operational tempo of combat (personal conversation with former CENTCOM Contracting Commander). In spite of the limitations of organizational experience and restricted contracting oversight, the bridge too far was the perception that contracting could successfully deliver needed operational support ten times out of ten. There were staffing and manpower shortages throughout regional contracting centers that forced the abandonment or shrinkage of successful pilot mentor-protégé and partnering programs.

- Was AMP effective in achieving the COIN objectives, establishing doctrine and best practices?

The answer to the third research question does not have a definitive answer. The reason that there is no short answer is because each of AMPs initiatives were able to achieve the objectives of the COMISAF COIN contracting guidance. However, AMP was not implemented at a high enough level or for a significant duration that would have allowed for a conclusive answer to this question. Given its limited range of execution and the nominal resources allocated for the COIN program, the scope of AMPs success was very effective. The joint venturing, vendor tournaments and craftsman program were elements of AMP that achieved a positive economic impact in and around Bagram and RC-East. But that is as far as it went. For AMP to have the ability to establish doctrine and best practices on contingency contracting it would have had to have been resourced and implemented for the Afghan theater of operation. AMP established a process model to achieve a means.

Ultimately, abandonment of these programs compounded the competition for resources during solicitation and contract award. The evacuation of Mentor-Protégé Programs, which provided a cursory level of built-in contract oversight, resulted in an increased layer of risk, elevating the failure ratio for the RCCs. A conclusion denoted in the Quarterly 2013 SIGAR Contracting in Afghanistan Report dated 30 October 2013. The report claims that failure of COR oversight on a construction contract awarded by BRCC in June 2011, resulted in a structural failure of the Joint Center in Parwan (JCIP) courthouse building. After inspection of the courthouse in May 2013, the contract was terminated for convenience, but later receded and terminated for default five months later

in October 2013. Nowhere in the SIGAR Contracting in Afghanistan Report, does it mention the benefits of the integration cell.

One of the beneficial claims of the integration cell was that it was able to identify several important areas for potential development and improvement. These include COR tracking and report accounting, construction project and contract status oversight, and increased quality of contract surveillance. In all, the integration cell was able to confirm the SIGAR report on contract administration. The recommendations of the SIGAR report was that the Commander, U.S. Central Command, and the U.S. Secretary of State identify the reasons poor oversight occurred and establish processes to ensure this problem does not reoccur (Sopko, 2013).

The same report identifies 85,528 DoD-related contractors in Afghanistan. Billions of dollars in contracts are split between U.S., Afghan and third-country national vendors and these companies employ tens of thousands of contracted employees. Factor in the Afghan First Initiative, which mandates award of DoD contract requirements to Afghan companies, with the result that it is harder to prosecute reconstruction fraud and theft. In an all-too-familiar tone, the report recounts the tale of Donald G. Garst.

Identified as the central character of a money laundering and corruption scheme, Mr. Garst was convicted February 12, 2013 for receiving \$210,000 in bribes from Afghan vendors. Garst was caught by SIGAR investigators trying to smuggle \$150,000 of the funds out of Afghanistan. As an employee of AC First, a joint venture between AECOM and CACI, two U.S. based defense contractors. Essentially, he was a contractor managing contracts, which is an inherently governmental function and typically not authorized by the FAR. For his guilty plea he was sentenced to 30 months in jail and a fine of \$52,117. The remaining \$150,000 in cash was forfeited. Just another contracting failure recorded in the annals of what not to do. So the question remains, could a Mentor-Protégé Program like AMP have made a difference? Many would argue that it would have made no difference at all.

## **C. RECOMMENDATIONS**

- What should been done next?

Further study of COIN contracting policies, goals and achieved objectives is needed to identify and explore best practices. The economic effects of COIN in diverse, regional climates and development of quantifiable statistical measures of effectiveness would serve as noteworthy research projects. Additional literary analysis is crucial to the identification of unexplored, relevant emergency/disaster relief and contingency contracting program. Suggested theses should focus on test cases and programs that promote economic stability and financial security for hard hit regions.

- How would this be accomplished?

It will be necessary for future researchers to look beyond standard measures of effectiveness, such as FY dollar and contract award amounts of a particular program. For example, by analyzing and integrating a Gini coefficient map as an overlay and developing an annualized statistical flowchart for researches to track and graph disturbances in income equity brought on by contracting activities for identified regions. By identifying multiple approaches to contingency contracting in divers' environments, COIN contracting is an area of interest.

- What should we be looking for?

This is essentially economic trend analysis. In terms of security and stability, we should look to identify how to get the best value from contracting contingency acquisitions. We need to find ways to answer questions like, "is the region more economically solvent, before or after operational contracting support?" "does the local economy possess a robust vendor base with an adequate number of companies to prevent high levels of resource competition?" and "how do we, as acquisition professionals, continue to promote economic diversity and grow the economic capacity of local markets?" These are the questions that should be answered by collecting regional economic contracting data and overlaying insurgent activities to determine the COIN benefit of effects based contracting. This type of research could help to develop methods of pattern analysis for modeling future economic development programs that incite stability and security in disadvantaged regions. Only through this type of study will we find a utilitarian MPP model that is both flexible and can be transported for future warfighting needs.

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## APPENDIX A. SEC. 886: ENHANCED AUTHORITY TO ACQUIRE PRODUCTS AND SERVICES PRODUCED IN IRAQ AND AFGHANISTAN

122 STAT. 266

PUBLIC LAW 110-181—JAN. 28, 2008

10 USC 2302  
note.

### SEC. 886. ENHANCED AUTHORITY TO ACQUIRE PRODUCTS AND SERVICES PRODUCED IN IRAQ AND AFGHANISTAN.

(a) IN GENERAL.—In the case of a product or service to be acquired in support of military operations or stability operations in Iraq or Afghanistan (including security, transition, reconstruction, and humanitarian relief activities) for which the Secretary of Defense makes a determination described in subsection (b), the Secretary may conduct a procurement in which—

(1) competition is limited to products or services that are from Iraq or Afghanistan;

(2) procedures other than competitive procedures are used to award a contract to a particular source or sources from Iraq or Afghanistan; or

(3) a preference is provided for products or services that are from Iraq or Afghanistan.

(b) DETERMINATION.—A determination described in this subsection is a determination by the Secretary that—

(1) the product or service concerned is to be used only by the military forces, police, or other security personnel of Iraq or Afghanistan; or

(2) it is in the national security interest of the United States to limit competition, use procedures other than competitive procedures, or provide a preference as described in subsection (a) because—

(A) such limitation, procedure, or preference is necessary to provide a stable source of jobs in Iraq or Afghanistan; and

(B) such limitation, procedure, or preference will not adversely affect—

(i) military operations or stability operations in Iraq or Afghanistan; or

(ii) the United States industrial base.

(c) PRODUCTS, SERVICES, AND SOURCES FROM IRAQ OR AFGHANISTAN.—For the purposes of this section:

(1) A product is from Iraq or Afghanistan if it is mined, produced, or manufactured in Iraq or Afghanistan.

(2) A service is from Iraq or Afghanistan if it is performed in Iraq or Afghanistan by citizens or permanent resident aliens of Iraq or Afghanistan.

(3) A source is from Iraq or Afghanistan if it—

(A) is located in Iraq or Afghanistan; and

(B) offers products or services that are from Iraq or Afghanistan.

### SEC. 887. DEFENSE SCIENCE BOARD REVIEW OF DEPARTMENT OF DEFENSE POLICIES AND PROCEDURES FOR THE ACQUISITION OF INFORMATION TECHNOLOGY.

Deadline.

(a) REVIEW REQUIRED.—Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall direct the Defense Science Board to carry out a review of Department of Defense policies and procedures for the acquisition of information technology.

(b) MATTERS TO BE ADDRESSED.—The matters addressed by the review required by subsection (a) shall include the following:

(1) Department of Defense policies and procedures for acquiring national security systems, business information systems, and other information technology.

Figure 15. Sec. 886. Enhanced Authority to Acquire Products and Services Produced in Iraq and Afghanistan (from 10 USC § 2302, 2008)

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**APPENDIX B. DESIGNATION OF ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE PROGRAM SUPPORT TO IMPLEMENT SECTION 854 OF THE JOHN WARNER NATIONAL DEFENSE AUTHORIZATION ACT OF FY 2007**



THE UNDER SECRETARY OF DEFENSE  
3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

OCT 1 2007

**MEMORANDUM FOR ASSISTANT DEPUTY UNDER SECRETARY OF DEFENSE  
(PROGRAM SUPPORT)**

**SUBJECT:** Designation of Assistant Deputy Under Secretary of Defense (Program Support) (ADUSD(PS)) to Implement Section 854 of the John Warner National Defense Authorization Act for FY 2007

Section 854 of the John Warner NDAA for FY 2007 requires the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to develop joint policies for contract requirements definition, contingency program management, and contingency contracting during combat operations and post conflict operations.

You are hereby designated to assume the responsibility, in conjunction with the Chairman's representative, to meet the congressionally mandated timeline of 18 months to develop joint policies addressing contract requirements definition and contingency program management during combat and post-conflict operations. The DUSD(A&T) remains responsible for developing contingency contracting policy during combat and post-conflict operations and will support your efforts in conjunction with the Joint Staff.

The joint policies shall provide for the identification of appropriate individuals to act as heads of requirements definition and coordination, program management, and contingency contracting during combat operations, post-conflict operations, and contingency operations.

DoD Instruction 3020.41, "Contractor Personnel Authorized to Accompany the U.S. Armed Forces," paragraph 5 (Responsibilities), will be amended to reflect the above designation of the ADUSD(PS) as the OSD focal point for leading efforts to improve contingency program management and oversight.

John F. Young  
Acting

cc:  
Deputy Chief of Staff for Logistics, O-4, U.S. Army  
Deputy Chief of Naval Operations for Fleet Readiness and Logistics,  
Office of the Chief of Naval Operations  
Deputy Chief of Staff for Logistics, Installations and Mission Support, U.S. Air Force  
Deputy Commandant, Installations, and Logistics, U.S. Marine Corps  
Director, Defense Logistics Agency



Figure 16. Designation of Assistant Deputy Under Secretary of Defense (Program Support) (ADUSD(PS)) to Implement Section 854 of the John Warner National Defense Authorization Act for FY 2007 (from Young, 2007)

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# APPENDIX C. COMPARISON OF FEDERAL MENTOR-PROTÉGÉ PROGRAMS

Comparison of Federal Mentor-Protégé Programs											
As of April 18, 2012											
Agencies	Contact Information	Eligible Protégés	Eligible Mentors	Benefits for Mentors	Joint Ventures	Affiliation	Length of Agreements	Special Rules	Multiple Mentors	Multiple Protégés	Reporting
SBA	US SBA, Small Business Administration, 400 North Capitol Street, NE, Washington, DC 20540-5000, (202) 683-7000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for SBA's 8(a) program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with SBA's approval.	Yes, but only with SBA's approval.	Protégé must submit a report to SBA on a quarterly basis, and the mentor must submit a report to SBA on a quarterly basis.
DOD	Mr. James G. Smith, Director, Office of Small Business, Department of Defense, 1215 Jefferson Davis Highway, Arlington, VA 22202-4302, (703) 605-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for DOD's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with DOD's approval.	Yes, but only with DOD's approval.	Protégé must submit a report to DOD on a quarterly basis, and the mentor must submit a report to DOD on a quarterly basis.
DHS	Mr. Kevin B. Borman, Director, Office of Small Business, Department of Homeland Security, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for DHS's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with DHS's approval.	Yes, but only with DHS's approval.	Protégé must submit a report to DHS on a quarterly basis, and the mentor must submit a report to DHS on a quarterly basis.
State	Mr. David J. Borman, Director, Office of Small Business, State Department, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for State's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with State's approval.	Yes, but only with State's approval.	Protégé must submit a report to State on a quarterly basis, and the mentor must submit a report to State on a quarterly basis.
Treasury	Mr. David J. Borman, Director, Office of Small Business, Department of Treasury, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for Treasury's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with Treasury's approval.	Yes, but only with Treasury's approval.	Protégé must submit a report to Treasury on a quarterly basis, and the mentor must submit a report to Treasury on a quarterly basis.
NASA	Mr. David J. Borman, Director, Office of Small Business, National Aeronautics and Space Administration, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for NASA's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with NASA's approval.	Yes, but only with NASA's approval.	Protégé must submit a report to NASA on a quarterly basis, and the mentor must submit a report to NASA on a quarterly basis.
GSA	Mr. David J. Borman, Director, Office of Small Business, General Services Administration, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for GSA's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with GSA's approval.	Yes, but only with GSA's approval.	Protégé must submit a report to GSA on a quarterly basis, and the mentor must submit a report to GSA on a quarterly basis.
HHS	Mr. David J. Borman, Director, Office of Small Business, Department of Health and Human Services, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for HHS's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with HHS's approval.	Yes, but only with HHS's approval.	Protégé must submit a report to HHS on a quarterly basis, and the mentor must submit a report to HHS on a quarterly basis.
FAA	Mr. David J. Borman, Director, Office of Small Business, Federal Aviation Administration, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for FAA's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with FAA's approval.	Yes, but only with FAA's approval.	Protégé must submit a report to FAA on a quarterly basis, and the mentor must submit a report to FAA on a quarterly basis.
ISAO	Mr. David J. Borman, Director, Office of Small Business, International Science and Technology Administration, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for ISAO's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with ISAO's approval.	Yes, but only with ISAO's approval.	Protégé must submit a report to ISAO on a quarterly basis, and the mentor must submit a report to ISAO on a quarterly basis.
Energy	Mr. David J. Borman, Director, Office of Small Business, Department of Energy, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for Energy's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with Energy's approval.	Yes, but only with Energy's approval.	Protégé must submit a report to Energy on a quarterly basis, and the mentor must submit a report to Energy on a quarterly basis.
VA	Mr. David J. Borman, Director, Office of Small Business, Department of Veterans Affairs, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for VA's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with VA's approval.	Yes, but only with VA's approval.	Protégé must submit a report to VA on a quarterly basis, and the mentor must submit a report to VA on a quarterly basis.
EPA	Mr. David J. Borman, Director, Office of Small Business, Environmental Protection Agency, 1200 Maryland Avenue, NE, Washington, DC 20546-0001, (202) 455-1000	Small businesses with less than 500 employees, regardless of industry, and that are not affiliated with a large business.	Large and small businesses with a proven track record of successful business operations and a commitment to providing mentorship.	Eligible for EPA's Small Business Set-Aside program, which provides a significant financial benefit to small businesses.	May be a joint venture partner.	May be a joint venture partner.	1 year, renewable, and may be extended for up to 5 years.	Protégé must be a small business, and the mentor must be a large business.	Yes, but only with EPA's approval.	Yes, but only with EPA's approval.	Protégé must submit a report to EPA on a quarterly basis, and the mentor must submit a report to EPA on a quarterly basis.

Figure 17. Comparison of Federal Mentor-Protégé Programs (from Pilireo Mazza, 2012)

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## APPENDIX D. COMISAF'S COUNTERINSURGENCY CONTRACTING GUIDANCE



For the Commanders, Contracting Personnel, Military Personnel, and Civilians of NATO ISAF and US Forces-Afghanistan

SUBJECT: COMISAF's Counterinsurgency (COIN) Contracting Guidance

The scale of our contracting efforts in Afghanistan represents both an opportunity and a danger. With proper oversight, contracting can spur economic development and support the Afghan government's and ISAF's campaign objectives. If, however, we spend large quantities of international contracting funds quickly and with insufficient oversight, it is likely that some of those funds will unintentionally fuel corruption, finance insurgent organizations, strengthen criminal patronage networks, and undermine our efforts in Afghanistan.

In view of these points, contracting has to be "Commander's business." Indeed, I expect Commanders to consider the effects of our contract spending and understand who benefits from it. We must use intelligence to inform our contracting and ensure those with whom we contract work for the best interests of the Afghan people. We must be better buyers and buy from better people. Consistent with NATO and national contracting laws and regulations, we must:

**Understand the role of contracting in COIN.** Purchases we make for construction, goods, and services can bolster economic growth, stability, and Afghan goodwill toward their government and ISAF. Contracts with Afghan firms that procure Afghan goods and services generate employment and assist in the development of a sustainable economy. However, if we contract with powerbrokers who exclude those outside their narrow patronage networks or are perceived as funneling resources to one community at the expense of another, the effect on Afghan perceptions and our mission will be negative. Thus, we must incorporate COIN Contracting topics into training for Commanders.

**Hire Afghans first, buy Afghan products, and build Afghan capacity.** Use contracting to hire Afghan workers and Afghan-owned companies. If we are unable to contract with an Afghan company, encourage companies to hire Afghans and sub-contract with responsible Afghan firms. Emulate successes such as NTM-A/CSTC-A's Afghan First program that created a boot making industry in Kabul. Find solutions that tap existing, but sometimes limited, Afghan capacity, such as maximizing the opportunities for local small and medium-sized companies to compete for our contracts. Adapt procedures, such as facilitating base access, to remove obstacles to hiring Afghans. Wherever appropriate, use in-country sourcing rather than imports. Look for opportunities to incorporate maintenance and repair training in existing contracts to build Afghan skills and to create long-term employment. Focus efforts on promoting industries with immediate and long-term growth potential, such as agriculture, food processing, beverages, and construction. Adopt a fair wage and fair price approach that minimizes market shock and inflation. Guard against "front businesses" that fraudulently claim to be Afghan-owned.

**Know those with whom we are contracting.** Where our money goes is as important as the service provided or the product delivered. Establish systems and standard databases for vetting vendors and contractors to ensure that contracting does not empower the wrong people or allow the diversion of funds. Support contracting agencies and officers so they can get out in the field and build relationships with local businesses and community leaders. Gain and maintain visibility of the sub-contractor network. Contract with vendors that have fewer sub-contractors. Excessive sub-contracting tiers provide opportunities for criminal networks and insurgents to divert contract money from its intended purpose. Hold prime contractors responsible for the behavior and performance of their sub-contractors. Ensure that prime

NATO / ISAF UNCLASSIFIED RELEASABLE TO GfRoA

Figure 18. COMISAF'S Counterinsurgency Contracting Guidance  
(from Petraeus, 2010)



## APPENDIX D. COMISAF'S COUNTERINSURGENCY (COIN) CONTRACTING GUIDANCE (CONT.)

NATO / ISAF UNCLASSIFIED RELEASABLE TO G10A

contractors provide detailed information on all sub-contractors consistent with coalition requirements and with CENTCOM Contracting Command's new sub-contractor clause.

**Exercise responsible contracting practices.** While we all desire fast results, haste in contracting invites fraud, waste, and abuse. Plan ahead, establish reasonable timelines, and ensure transparency and oversight so that contracting and procurement reinforce rather than detract from our objectives.

**Integrate contracting into intelligence, plans, and operations.** Commanders must know what contracting activity is occurring in their battlespace and who benefits from those contracts. Integrate contracting into intelligence, plans, and operations to exert positive influence and to better accomplish our campaign objectives. Commanders should use COIN Contracting Management Boards to coordinate contracting efforts and ensure contracts support campaign goals. Commanders and contracting agencies should share best practices, align policies and procedures, and exchange information on contractor performance—positive or negative (using digitally linked CIDNE/INDURE databases).

**Consult and involve local leaders.** Use local shuras and Afghan government and private sector leaders to prioritize projects, identify viable companies, vet potential contractors, improve oversight, hold contractors accountable, and provide post-award feedback to inform future projects. Work with and through the Ministry of Rural Reconstruction and Development to leverage existing monitoring, procurement, and implementation capabilities and to build long-term Afghan institutional capacity.

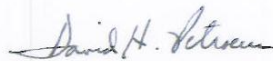
**Develop new partnerships.** Contracts with a broader range of Afghan companies will help break monopolies and weaken patronage networks that breed resentment. In situations where there is no alternative to powerbrokers with links to criminal networks, it may be preferable to forgo the project. Broadly advertise contract opportunities to local communities beyond bases. When appropriate, use NGOs to identify potential contracting partners and train them to navigate our contracting processes.

**Look beyond cost, schedule, and performance.** Evaluate the success of a contract by the degree to which it supports the Afghan people and our campaign objectives. Include operational criteria in decisions to award contracts such as the effect of the contract on security, local power dynamics, and the enemy.

**Invest in oversight and enforce contract requirements.** Ensure post-award oversight of contractors and their performance to get what we pay for and to ensure the contract supports our mission. Because the number of contracts each contracting officer oversees has increased, commands must devote additional personnel to oversight. Designate top-performers to serve as Contract Officer Representatives and ensure that they are trained and understand the operational importance of contracting.

**Act.** Upon identification of linkages between contractors and criminal networks, we must take appropriate actions, such as: suspension and debarment of the individuals or the company, contract termination, or not renewing a contract option period. Recognize that some of these actions may have broad or significant ramifications and plan accordingly. Establish rapid, flexible, and thorough processes to develop, coordinate, approve, and implement contract actions to end contracts that undermine our mission.

**Get the story out.** We must improve our contracting practices to ensure they fully support our mission. However, we must also recognize what our contracting has accomplished. Our contracting efforts have sustained widely dispersed and high tempo operations and helped build Afghan national security capacity. Our contracting has also improved the lives of many Afghans, enhanced infrastructure, delivered essential services, supported local businesses, increased employment, and fostered economic development.



David H. Petraeus  
General, United States Army  
Commander, International Security Assistance  
Force/United States Forces-Afghanistan

Figure 18. COMISAF'S Counterinsurgency (COIN) Contracting Guidance  
(from Petraeus, 2010) (cont.)

# APPENDIX E. SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN

## Defense Federal Acquisition Regulation Supplement

### Part 225—Foreign Acquisition

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#### SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN (Added September 15, 2008)

##### **225.7700 Scope.**

This subpart implements Section 886 and Section 892 of the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. 110-181).

##### **225.7701 Definitions.**

As used in this subpart—

“Product from Iraq or Afghanistan” means a product that is mined, produced, or manufactured in Iraq or Afghanistan.

“Service from Iraq or Afghanistan” means a service that is performed in Iraq or Afghanistan predominantly by citizens or permanent resident aliens of Iraq or Afghanistan.

“Small arms” means pistols and other weapons less than 0.50 caliber.

“Source from Iraq or Afghanistan” means a source that—

- (1) Is located in Iraq or Afghanistan; and
- (2) Offers products or services from Iraq or Afghanistan.

##### **225.7702 Acquisition of small arms.**

(a) Except as provided in paragraph (b) of this section, when acquiring small arms for assistance to the Army of Iraq, the Army of Afghanistan, the Iraqi Police Forces, the Afghani Police Forces, or other Iraqi or Afghani security organizations—

(1) Use full and open competition to the maximum extent practicable, consistent with the provisions of 10 U.S.C. 2304;

(2) If use of other than full and open competition is justified in accordance with FAR Subpart 6.3, ensure that—

(i) No responsible U.S. manufacturer is excluded from competing for the acquisition; and

(ii) Products manufactured in the United States are not excluded from the competition; and

(3) If the exception at FAR 6.302-2 (unusual and compelling urgency) applies, do not exclude responsible U.S. manufacturers or products manufactured in the United States from the competition for the purpose of administrative expediency. However, such an offer may be rejected if it does not meet delivery schedule requirements.

(b) Paragraph (a)(2) of this section does not apply when—

## APPENDIX E. SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN (CONT.)

### Defense Federal Acquisition Regulation Supplement

#### Part 225—Foreign Acquisition

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(1) The exception at FAR 6.302-1 (only one or a limited number of responsible sources) applies, and the only responsible source or sources are not U.S. manufacturers or are not offering products manufactured in the United States; or

(2) The exception at FAR 6.302-4 (international agreement) applies, and United States manufacturers or products manufactured in the United States are not the source(s) specified in the written directions of the foreign government reimbursing the agency for the cost of the acquisition of the property or services for such government.

#### **225.7703 Acquisition of products or services other than small arms.**

##### **225.7703-1 Acquisition procedures.**

(a) Subject to the requirements of 225.7703-2, a product or service (including construction), other than small arms, in support of operations in Iraq or Afghanistan, may be acquired by—

(1) Providing a preference for products or services from Iraq or Afghanistan in accordance with the evaluation procedures at 225.7703-3;

(2) Limiting competition to products or services from Iraq or Afghanistan; or

(3) Using procedures other than competitive procedures to award a contract to a particular source or sources from Iraq or Afghanistan. When other than competitive procedures are used, the contracting officer shall document the contract file with the rationale for selecting the particular source(s).

(b) For acquisitions conducted using a procedure specified in paragraph (a) of this subsection, the justification and approval addressed in FAR Subpart 6.3 is not required.

##### **225.7703-2 Determination requirements.**

Before use of a procedure specified in 225.7703-1(a), a written determination must be prepared and executed as follows:

(a) For products or services to be used only by the military forces, police, or other security personnel of Iraq or Afghanistan, the contracting officer shall—

(1) Determine in writing that the product or service is to be used only by the military forces, police, or other security personnel of Iraq or Afghanistan; and

(2) Include the written determination in the contract file.

(b) For products or services not limited to use by the military forces, police, or other security personnel of Iraq or Afghanistan, the following requirements apply:

(1) The appropriate official specified in paragraph (b)(2) of this subsection must determine in writing that it is in the national security interest of the United States to use a procedure specified in 225.7703-1(a), because—

(i) The procedure is necessary to provide a stable source of jobs in Iraq or Afghanistan; and



## APPENDIX E. SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN (CONT.)

### Part 225—Foreign Acquisition

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(ii) Use of the procedure will not adversely affect—

(A) Operations in Iraq or Afghanistan (including security, transition, reconstruction, and humanitarian relief activities); or

(B) The U.S. industrial base. The authorizing official generally may presume that there will not be an adverse effect on the U.S. industrial base. However, when in doubt, the authorizing official should coordinate with the applicable subject matter expert specified in PGI 225.7703-2(b).

(2) Determinations may be made for an individual acquisition or a class of acquisitions meeting the criteria in paragraph (b)(1) of this subsection as follows:

(i) The head of the contracting activity is authorized to make a determination that applies to an individual acquisition with a value of less than \$78.5 million.

(ii) The Director, Defense Procurement, Acquisition Policy, and Strategic Sourcing, and the following officials, without power of redelegation, are authorized to make a determination that applies to an individual acquisition with a value of \$78.5 million or more or to a class of acquisitions:

(A) Defense Logistics Agency Component Acquisition Executive.

(B) Army Acquisition Executive.

(C) Navy Acquisition Executive.

(D) Air Force Acquisition Executive.

(3) The contracting officer—

(i) Shall include the applicable written determination in the contract file;  
and

(ii) Shall ensure that each contract action taken pursuant to the authority of a class determination is within the scope of the class determination, and shall document the contract file for each action accordingly.

(c) See PGI 225.7703-2(c) for formats for use in preparation of the determinations required by this subsection.

#### **225.7703-3 Evaluating offers.**

(a) Evaluate offers submitted in response to solicitations that include the provision at 252.225-7023, Preference for Products or Services from Iraq or Afghanistan, as follows:

(1) If the low offer is an offer of a product or service from Iraq or Afghanistan, award on that offer.

(2) If there are no offers of a product or service from Iraq or Afghanistan, award on the low offer.

Figure 19. Subpart 225.77—Acquisitions in Support of Operations in Iraq or Afghanistan (from 48 CFR Part 225, 2008) (cont.)

## APPENDIX E. SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN (CONT.)

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### Part 225—Foreign Acquisition

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(3) Otherwise, apply the evaluation factor specified in the solicitation to the low offer.

(i) If the price of the low offer of a product or service from Iraq or Afghanistan is less than the evaluated price of the low offer, award on the low offer of a product or service from Iraq or Afghanistan.

(ii) If the evaluated price of the low offer remains less than the low offer of a product or service from Iraq or Afghanistan, award on the low offer.

(b) If the provision at 252.225-7023 is modified to provide a preference exclusively for products or services from Iraq or Afghanistan, also modify the evaluation procedures in paragraph (a) of this subsection to remove “or Afghanistan” or “Iraq or”, respectively, wherever the phrase appears.

#### **225.7703-4 Reporting requirement.**

The following organizations shall submit periodic reports to the Deputy Director, Program Acquisition and Contingency Contracting, Defense Procurement, Acquisition Policy, and Strategic Sourcing, in accordance with PGI 225.7703-4, to address the organization’s use of the procedures authorized by this section:

- (a) The Joint Contracting Command (Iraq/Afghanistan).
- (b) The Department of the Army, except for contract actions reported by the Joint Contracting Command.
- (c) The Department of the Navy.
- (d) The Department of the Air Force.
- (e) The Defense Logistics Agency.
- (f) The other defense agencies and other DoD components that execute reportable contract actions.

#### **225.7703-5 Solicitation provisions and contract clauses.**

(a) Use the provision at 252.225-7023, Preference for Products or Services from Iraq or Afghanistan, in solicitations that provide a preference for products or services from Iraq or Afghanistan in accordance with 225.7703-1(a)(1). The contracting officer—

(1) May modify the provision to provide a preference exclusively for products or services from Iraq or exclusively for products or services from Afghanistan by removing “or Afghanistan” or “Iraq or”, respectively, wherever the phrase appears in the provision. If this provision is so modified, the clause at 252.225-7024 shall be modified accordingly; and

(2) May modify the 50 percent evaluation factor in accordance with contracting office procedures.

(b) Use the clause at 252.225-7024, Requirement for Products or Services from Iraq

## APPENDIX E. SUBPART 225.77—ACQUISITIONS IN SUPPORT OF OPERATIONS IN IRAQ OR AFGHANISTAN (CONT.)

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### Part 225—Foreign Acquisition

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or Afghanistan, in solicitations that include the provision at 252.225-7023, Preference for Products or Services from Iraq or Afghanistan, and in the resulting contract. If the provision at 252.225-7023 has been modified to provide a preference exclusively for Iraq or exclusively for Afghanistan, in accordance with paragraph (a)(1) of this subsection, the clause at 252.225-7024 shall be modified accordingly.

(c)(1) Use the clause at 252.225-7026, Acquisition Restricted to Products or Services from Iraq or Afghanistan, in solicitations and contracts that—

(i) Are restricted to the acquisition of products or services from Iraq or Afghanistan in accordance with 225.7703-1(a)(2); or

(ii) Will be directed to a particular source or sources from Iraq or Afghanistan in accordance with 225.7703-1(a)(3).

(2) The contracting officer may modify the clause to restrict the acquisition to products or services from Iraq, or to restrict the acquisition to products or services from Afghanistan, by removing “or Afghanistan” or “Iraq or”, respectively, wherever the phrase appears in the clause.

(d) When the Trade Agreements Act applies to the acquisition, use the appropriate clause and provision as prescribed at 225.1101(6) and (7).

(e) Do not use any of the following provisions or clauses in solicitations or contracts that include the provision at 252.225-7023, the clause at 252.225-7024, or the clause at 252.225-7026:

(1) 252.225-7000, Buy American Act--Balance of Payments Program Certificate.

(2) 252.225-7001, Buy American Act and Balance of Payments Program.

(3) 252.225-7002, Qualifying Country Sources as Subcontractors.

(4) 252.225-7020, Trade Agreements Certificate.

(5) 252.225-7035, Buy American Act--Free Trade Agreements--Balance of Payments Program Certificate.

(6) 252.225-7036, Buy American Act--Free Trade Agreements--Balance of Payments Program.

(7) 252.225-7044, Balance of Payments Program--Construction Material.

(8) 252.225-7045, Balance of Payments Program--Construction Material Under Trade Agreements.

Figure 19. Subpart 225.77—Acquisitions in Support of Operations in Iraq or Afghanistan (from 48 CFR Part 225, 2008) (cont.)

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## APPENDIX F. DEPARTMENT OF DEFENSE DIRECTIVE 4205.01 DOD SMALL BUSINESS PROGRAMS



### Department of Defense DIRECTIVE

NUMBER 4205.01  
March 10, 2009

USD(AT&L)

SUBJECT: DoD Small Business Programs

References: See Enclosure 1

1. PURPOSE. This Directive:

a. Reissues DoD Directive 4205.01 (Reference (a)) and renames the DoD program from the "Department of Defense Small Business and Small Disadvantaged Business Utilization Programs" to the "DoD Small Business Programs."

b. Updates policy and responsibilities, under section 2323 of title 10, United States Code (U.S.C.) (Reference (b)), sections 631-657f of title 15, U.S.C. (Reference (c)), and section 1544 of title 25, U.S.C. (Reference (d)), for implementing and managing the following statutory and regulatory requirements within the Department of Defense: small business, veteran-owned small business, Service-disabled veteran-owned small business, Historically Underutilized Business Zone small business, small disadvantaged business, women-owned small business, Historically Black Colleges and Universities and Minority Institutions, DoD Pilot Mentor-Protégé Program, Indian Incentive Program, Small Business Innovation Research (SBIR), and Small Business Technology Transfer (STTR) (hereafter referred to collectively as Small Business Programs).

2. APPLICABILITY. This Directive applies to OSD, the Military Departments (including the Reserve Components), the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense that award or administer contracts, cooperative agreements, and grants (hereafter referred to collectively as the "DoD Components"). It does not apply to the awarding of contracts for goods and services funded solely by non-appropriated funds.

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that a fair proportion of DoD total purchases, contracts, subcontracts, and other agreements for property and services and for sales of property, be placed

Figure 20. Department of Defense Directive 4205.01 DoD Small Business Programs  
(from Lynn, 2009)

## **APPENDIX F. DEPARTMENT OF DEFENSE DIRECTIVE 4205.01 DoD SMALL BUSINESS PROGRAMS (CONT.)**

*DoDD 4205.01, March 10, 2009*


with Small Business Programs mentioned in 1.b. of this Directive, in accordance with References (b) and (c), and that such small businesses have the maximum practicable opportunity to participate as subcontractors in DoD contracts, consistent with efficient contract performance.

5. RESPONSIBILITIES. See Enclosure 2.

6. INFORMATION REQUIREMENTS. The Small Business Procurement Scorecard Report has been assigned Report Control Symbol (RCS) DD-AT&L (SA) 2343. This reporting requirement has been approved and assigned an RCS number in accordance with DoDD 8910.01 (Reference (e)) and DoD 8910.1-M (Reference (f)).

7. RELEASABILITY. UNLIMITED. This Directive is approved for public release and is available on the Internet from the DoD Directives Program Web Site at <http://www.dtic.mil/whs/directives>.

8. EFFECTIVE DATE. This Directive is effective immediately.



William J. Lynn II  
Deputy Secretary of Defense

### Enclosures

1. References
  2. Responsibilities
- Glossary

Figure 20. Department of Defense Directive 4205.01 DoD Small Business Programs  
(from Lynn, 2009) (cont.)



## APPENDIX G. SMALL BUSINESS ADMINISTRATION, WHAT ARE RULES GOVERNING THE SBA'S MENTOR/PROTÉGÉ PROGRAM?

### Small Business Administration

### § 124.520

the Participant is needed to achieve significant interests of the Government.

[63 FR 35739, June 30, 1998, as amended at 76 FR 8262, Feb. 11, 2011]

#### § 124.520 What are the rules governing SBA's Mentor/Protégé program?

(a) *General.* The mentor/protégé program is designed to encourage approved mentors to provide various forms of business development assistance to protégé firms. This assistance may include technical and/or management assistance; financial assistance in the form of equity investments and/or loans; subcontracts; and/or assistance in performing prime contracts with the Government through joint venture arrangements. Mentors are encouraged to provide assistance relating to the performance of non-8(a) contracts so that protégé firms may more fully develop their capabilities. The purpose of the mentor/protégé relationship is to enhance the capabilities of the protégé, assist the protégé with meeting the goals established in its SBA-approved business plan, and to improve its ability to successfully compete for contracts.

(b) *Mentors.* Any concern or non-profit entity that demonstrates a commitment and the ability to assist developing 8(a) Participants may act as a mentor and receive benefits as set forth in this section. This includes businesses that have graduated from the 8(a) BD program, firms that are in the transitional stage of program participation, other small businesses, and large businesses.

(1) In order to qualify as a mentor, a concern must demonstrate that it:

- (i) Possesses favorable financial health;
- (ii) Possesses good character;
- (iii) Does not appear on the federal list of debarred or suspended contractors; and
- (iv) Can impart value to a protégé firm due to lessons learned and practical experience gained because of the 8(a) BD program, or through its knowledge of general business operations and government contracting.

(2) Generally a mentor will have no more than one protégé at a time. However, the AA/BD may authorize a con-

cern or non-profit entity to mentor more than one protégé at a time where it can demonstrate that the additional mentor/protégé relationship will not adversely affect the development of either protégé firm (*e.g.*, the second firm may not be a competitor of the first firm). Under no circumstances will a mentor be permitted to have more than three protégés at one time.

(3) In order to demonstrate its favorable financial health, a firm seeking to be a mentor must submit to SBA for review copies of the Federal tax returns it submitted to the IRS, or audited financial statements, including any notes, or in the case of publicly traded concerns the filings required by the Securities and Exchange Commission for the past three years.

(4) Once approved, a mentor must annually certify that it continues to possess good character and a favorable financial position.

(c) *Protégés.* (1) In order to initially qualify as a protégé firm, a Participant must:

(i) Be in the developmental stage of program participation; or

(ii) Have never received an 8(a) contract; or

(iii) Have a size that is less than half the size standard corresponding to its primary NAICS code.

(2) Only firms that are in good standing in the 8(a) BD program (*e.g.*, firms that do not have termination or suspension proceedings against them, and are up to date with all reporting requirements) may qualify as a protégé.

(3) A protégé firm may generally have only one mentor at a time. The AA/BD may approve a second mentor for a particular protégé firm where:

(i) The second relationship pertains to an unrelated, secondary NAICS code;

(ii) The protégé firm is seeking to acquire a specific expertise that the first mentor does not possess; and

(iii) The second relationship will not compete or otherwise conflict with the business development assistance set forth in the first mentor/protégé relationship.

(4) A protégé may not become a mentor and retain its protégé status. The protégé must terminate its mentor/

Figure 21. Small Business Administration, What Are the Rules Governing the SBA's Mentor/Protégé Program? (from 13 CFR § 124.520)

## APPENDIX G. SMALL BUSINESS ADMINISTRATION, WHAT ARE THE RULES GOVERNING THE SBA'S MENTOR/PROTÉGÉ PROGRAM? (CONT.)

§ 124.520

13 CFR Ch. I (1-1-12 Edition)

protégé agreement with its mentor before it will be approved as a mentor to another 8(a) Participant.

(5) SBA will not approve a mentor/protégé relationship for an 8(a) Participant with less than six months remaining in its program term.

(d) *Benefits.* (1) A mentor and protégé may joint venture as a small business for any government prime contract or subcontract, including procurements with a dollar value less than half the size standard corresponding to the assigned NAICS code and 8(a) sole source contracts, provided the protégé qualifies as small for the procurement and, for purposes of 8(a) sole source requirements, the protégé has not reached the dollar limit set forth in § 124.519.

(i) SBA must approve the mentor/protégé agreement before the two firms may submit an offer as a joint venture on a particular government prime contract or subcontract in order for the joint venture to receive the exclusion from affiliation.

(ii) In order to receive the exclusion from affiliation for both 8(a) and non-8(a) procurements, the joint venture must meet the requirements set forth in § 124.513(c).

(iii) Once a protégé firm graduates from or otherwise leaves the 8(a) BD program, it will not be eligible for any further benefits from its mentor/protégé relationship (*i.e.*, the receipts and/or employees of the protégé and mentor will generally be aggregated in determining size for any joint venture between the mentor and protégé after the protégé leaves the 8(a) BD program). Leaving the 8(a) BD program, or terminating the mentor/protégé relationship while a protégé firm is still in the program, does not, however, affect contracts previously awarded to a joint venture between the protégé and its mentor. In such a case, the joint venture continues to qualify as small for previously awarded contracts and is obligated to continue performance on those contracts.

(2) Notwithstanding the requirements set forth in §§ 124.105(g) and (h), in order to raise capital for the protégé firm, the mentor may own an equity interest of up to 40% in the protégé firm.

(3) Notwithstanding the mentor/protégé relationship, a protégé firm may

qualify for other assistance as a small business, including SBA financial assistance.

(4) No determination of affiliation or control may be found between a protégé firm and its mentor based on the mentor/protégé agreement or any assistance provided pursuant to the agreement.

(e) *Written agreement.* (1) The mentor and protégé firms must enter a written agreement setting forth an assessment of the protégé's needs and providing a detailed description and timeline for the delivery of the assistance the mentor commits to provide to address those needs (*e.g.*, management and/or technical assistance, loans and/or equity investments, cooperation on joint venture projects, or subcontracts under prime contracts being performed by the mentor). The mentor/protégé agreement must:

(i) Address how the assistance to be provided through the agreement will help the protégé firm meet the goals established in its SBA-approved business plan;

(ii) Establish a single point of contact in the mentor concern who is responsible for managing and implementing the mentor/protégé agreement; and

(iii) Provide that the mentor will provide such assistance to the protégé firm for at least one year.

(2) The written agreement must be approved by the AA/BD. The agreement will not be approved if SBA determines that the assistance to be provided is not sufficient to promote any real developmental gains to the protégé, or if SBA determines that the agreement is merely a vehicle to enable the mentor to receive 8(a) contracts.

(3) The agreement must provide that either the protégé or the mentor may terminate the agreement with 30 days advance notice to the other party to the mentor/protégé relationship and to SBA.

(4) SBA will review the mentor/protégé relationship annually to determine whether to approve its continuation for another year.

(5) SBA must approve all changes to a mentor/protégé agreement in advance.

Figure 21. Small Business Administration, What are the rules governing the SBA's Mentor/Protégé program? (from 13 CFR § 124.520)



## APPENDIX G. SMALL BUSINESS ADMINISTRATION, WHAT ARE THE RULES GOVERNING THE SBA'S MENTOR/PROTÉGÉ PROGRAM? (CONT.)

### Small Business Administration

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(f) *Decision to decline mentor/protégé relationship.* (1) Where SBA declines to approve a specific mentor/protégé agreement, the protégé may request the AA/BD to reconsider the Agency's initial decline decision by filing a request for reconsideration with its servicing SBA district office within 45 calendar days of receiving notice that its mentor/protégé agreement was declined. The protégé may revise the proposed mentor/protégé agreement and provide any additional information and documentation pertinent to overcoming the reason(s) for the initial decline to its servicing district office.

(2) The AA/BD will issue a written decision within 45 calendar days of receipt of the protégé's request. The AA/BD may approve the mentor/protégé agreement, deny it on the same grounds as the original decision, or deny it on other grounds. If denied, the AA/BD will explain why the mentor/protégé agreement does not meet the requirements of §124.520 and give specific reasons for the decline.

(3) If the AA/BD declines the mentor/protégé agreement solely on issues not raised in the initial decline, the protégé can ask for reconsideration as if it were an initial decline.

(4) If SBA's final decision is to decline a specific mentor/protégé agreement, the 8(a) firm seeking to be a protégé cannot attempt to enter another mentor/protégé relationship with the same mentor for a period of 60 calendar days from the date of the final decision. The 8(a) firm may, however, submit another proposed mentor/protégé agreement with a different proposed mentor at any time after the SBA's final decline decision.

(g) *Evaluating the mentor/protege relationship.* (1) In its annual business plan update required by §124.403(a,) the protege must report to SBA for the protege's preceding program year:

(i) All technical and/or management assistance provided by the mentor to the protege;

(ii) All loans to and/or equity investments made by the mentor in the protege;

(iii) All subcontracts awarded to the protege by the mentor, and the value of each subcontract;

(iv) All federal contracts awarded to the mentor/protege relationship as a joint venture (designating each as an 8(a), small business set aside, or unrestricted procurement), the value of each contract, and the percentage of the contract performed and the percentage of revenue accruing to each party to the joint venture; and

(v) A narrative describing the success such assistance has had in addressing the developmental needs of the protege and addressing any problems encountered.

(2) The protégé must report the mentoring services it receives by category and hours.

(3) The protege must annually certify to SBA whether there has been any change in the terms of the agreement.

(4) SBA will review the protege's report on the mentor/protege relationship as part of its annual review of the firm's business plan pursuant to §124.403. SBA may decide not to approve continuation of the agreement if it finds that the mentor has not provided the assistance set forth in the mentor/protege agreement or that the assistance has not resulted in any material benefits or developmental gains to the protege.

(h) *Consequences of not providing assistance set forth in the mentor/protégé agreement.* (1) Where SBA determines that a mentor has not provided to the protégé firm the business development assistance set forth in its mentor/protégé agreement, SBA will notify the mentor of such determination and afford the mentor an opportunity to respond. The mentor must respond within 30 days of the notification, explaining why it has not provided the agreed upon assistance and setting forth a definitive plan as to when it will provide such assistance. If the mentor fails to respond, does not supply adequate reasons for its failure to provide the agreed upon assistance, or does not set forth a definite plan to provide the assistance:

(i) SBA will terminate its mentor/protégé agreement;

(ii) The firm will be ineligible to again act as a mentor for a period of two years from the date SBA terminates the mentor/protégé agreement; and

Figure 21. Small Business Administration, What are the rules governing the SBA's Mentor/Protégé program? (from 13 CFR § 124.520)

## APPENDIX G. SMALL BUSINESS ADMINISTRATION, WHAT ARE THE RULES GOVERNING THE SBA'S MENTOR/PROTÉGÉ PROGRAM? (CONT.)

### § 124.601

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(iii) SBA may recommend to the relevant procuring agency to issue a stop work order for each Federal contract for which the mentor and protégé are performing as a small business joint venture pursuant to paragraph (d)(1) of this section in order to encourage the mentor to comply with its mentor/protégé agreement. Where a protégé firm is able to independently complete performance of any such contract, SBA may also authorize a substitution of the protégé firm for the joint venture.

(2) SBA may consider a mentor's failure to comply with the terms and conditions of an SBA-approved mentor/protégé agreement as a basis for debarment on the grounds, including but not limited to, that the mentor has not complied with the terms of a public agreement under 2 CFR 180.800(b).

[63 FR 35739, June 30, 1998, as amended at 69 FR 29208, May 21, 2004; 74 FR 45754, Sept. 4, 2009; 76 FR 8262, Feb. 11, 2011]

#### MISCELLANEOUS REPORTING REQUIREMENTS

### § 124.601 What reports does SBA require concerning parties who assist Participants in obtaining federal contracts?

(a) Each Participant must submit semi-annually a written report to its assigned BOS that includes a listing of any agents, representatives, attorneys, accountants, consultants and other parties (other than employees) receiving fees, commissions, or compensation of any kind to assist such Participant in obtaining or seeking to obtain a Federal contract. The listing must indicate the amount of compensation paid and a description of the activities performed for such compensation.

(b) Failure to submit the report is good cause for the initiation of a termination proceeding pursuant to §§ 124.303 and 124.304.

[63 FR 35739, June 30, 1998, as amended at 76 FR 8264, Feb. 11, 2011]

### § 124.602 What kind of annual financial statement must a Participant submit to SBA?

(a) Except as set forth in paragraph (a)(1) of this section, Participants with gross annual receipts of more than \$10,000,000 must submit to SBA audited

annual financial statements prepared by a licensed independent public accountant within 120 days after the close of the concern's fiscal year.

(1) Participants with gross annual receipts of more than \$10,000,000 which are owned by a Tribe, ANC, NHO, or CDC may elect to submit unaudited financial statements within 120 days after the close of the concern's fiscal year, provided the following additional documents are submitted simultaneously:

(i) Audited annual financial statements for the parent company owner of the Participant, prepared by a licensed independent public accountant, for the equivalent fiscal year;

(ii) Certification from the Participant's Chief Executive Officer and Chief Financial Officer (or comparable positions) that each individual has read the unaudited financial statements, affirms that the statements do not contain any material misstatements, and certifying that the statements fairly represent the Participant's financial condition and result of operations.

(2) In the first year that a Participant's gross receipts exceed \$10,000,000, a Participant may provide an audited balance sheet, with the income and cash flow statements receiving the level of service required for the previous year (review or none, depending on sales the year before the audit is required).

(3) The servicing SBA District Director may waive the requirement for audited financial statements for good cause shown by the Participant.

(4) Circumstances where waivers of audited financial statements may be granted include, but are not limited to, the following:

(i) The concern has an unexpected increase in sales towards the end of its fiscal year that creates an unforeseen requirement for audited statements;

(ii) The concern unexpectedly experiences severe financial difficulties which would make the cost of audited financial statements a particular burden; and

(iii) The concern has been a Participant less than 12 months.

(b)(1) Participants with gross annual receipts between \$2,000,000 and

Figure 21. Small Business Administration, What are the rules governing the SBA's Mentor/Protégé program? (from 13 CFR § 124.520)

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